

# COMMERCE

M A G A Z I N E

## Illinois U Library

**Whither Collective Bargaining? . .**

**Fortify Your Executive Team! . . . .**

**Battle Over Interest Rates . . . . .**

**Our Colleges Need Help—Now! . . .**

**They Thought They Had Insurance! .**

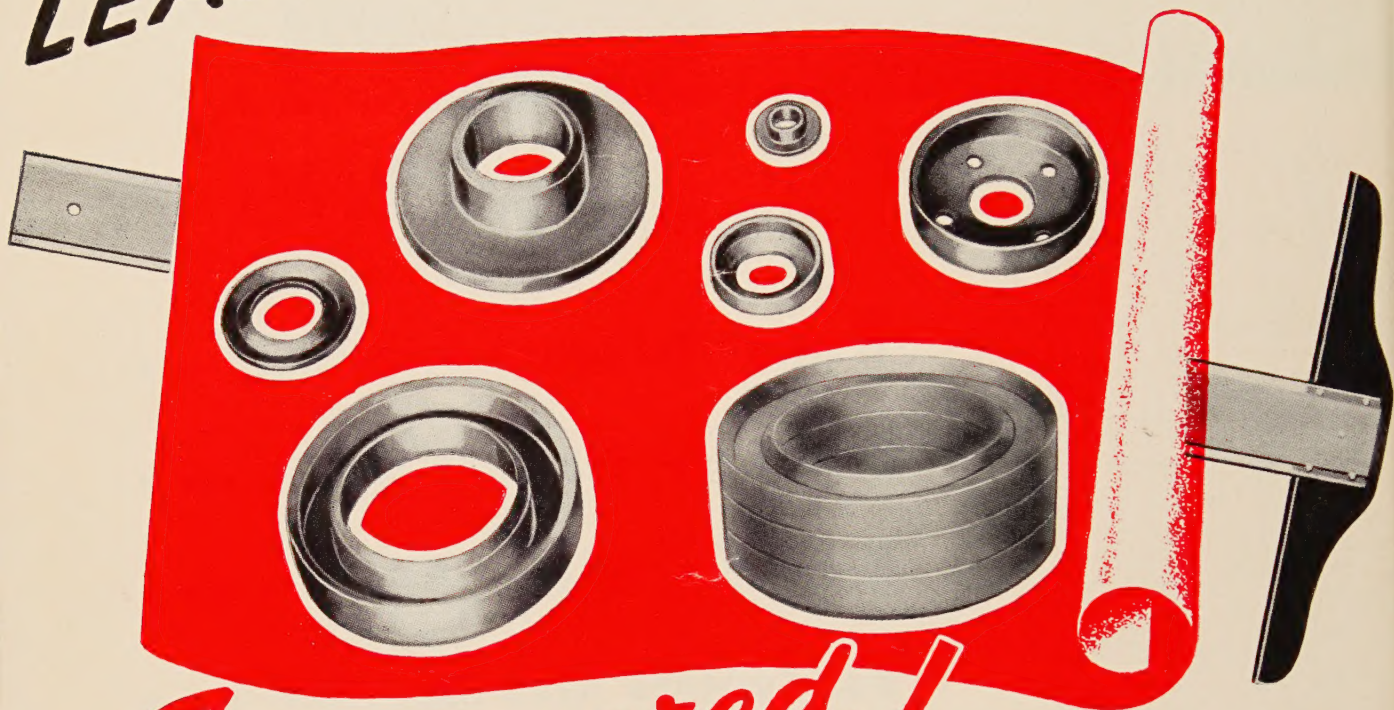
**JANUARY, 1952**

**35 CENTS**





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Our Packings are recognized "the world's finest" for three important reasons:

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manufactures all the conventional leather packings, also mechanical leathers, coupling discs, gaskets, washers, etc.

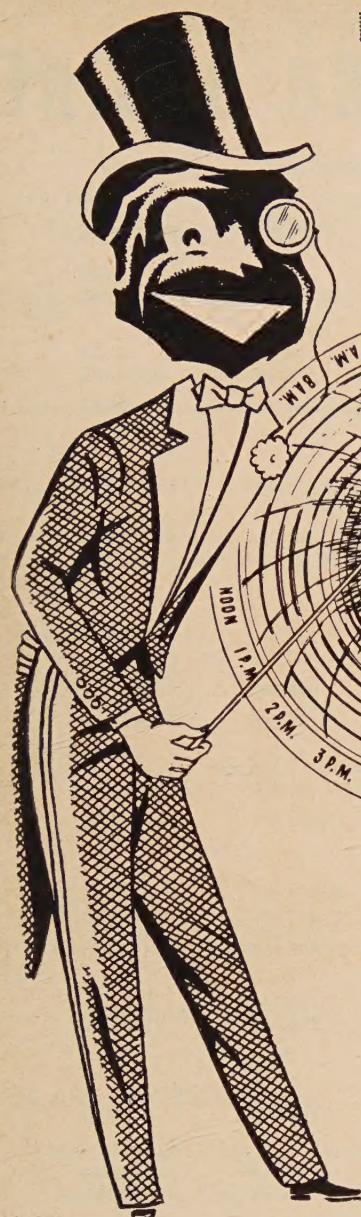
Our Engineering Service is at your disposal—no obligation.—Write for a copy of our new "Hydraulic and Pneumatic Leather Packing Folder." Phone: MOnroe 6-5050 today.

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Monroe and Wabash (Palmer House Corner), Conrad Hilton Hotel Lobby and Midway Airport. Call FRanklin 2-4900 or an authorized travel agent.

# STATISTICS OF CHICAGO BUSINESS

	Nov. 1951	Oct. 1951	Nov. 1950
Building permits .....	484	837	66
Cost .....	\$ 10,323,000	\$ 17,107,400	\$ 15,680,900
Contracts awarded on building projects, Cook Co. ....	1,176	1,587	1,97
Cost .....	\$ 40,446,000	\$ 34,442,000	\$ 33,849,000
(F. W. Dodge Corp.)			
Real estate transfers .....	6,300	7,471	6,77
Consideration .....	\$ 5,132,091	\$ 6,471,077	\$ 8,067,833
Department store sales index (Federal Reserve Board) (Daily average 1935-39 = 100)	299.6*	244.5	292.2
Bank clearings .....	\$ 3,641,035,294	\$ 4,021,344,897	\$ 3,659,203,699
Bank debits to individual accounts: 7th Federal Reserve District .....	\$19,493,199,000	\$20,556,122,000	\$18,402,129,000
Chicago only .....	\$10,028,958,000	\$10,426,567,000	\$ 9,146,312,000
(Federal Reserve Board)			
Midwest Stock Exchange transactions: Number of shares traded .....	1,148,536	1,575,756	1,590,000
Market value of shares traded .....	\$ 31,889,536	\$ 45,790,987	\$ 42,039,944
Railway express shipments, Chicago area .....	935,363	972,631	1,087,223
Air express shipments, Chicago area .....	56,653	63,254	64,111
L.C.L. merchandise cars .....	18,760	21,290	22,151
Electric power production, kwh .....	1,247,540,000	1,239,915,000	1,185,067,000
Industrial gas sales, therms .....	12,079,277	11,560,831	10,237,560
Revenue passengers carried by Chicago Transit Authority lines: Surface division .....	46,067,215	48,611,954	52,131,744
Rapid transit division .....	13,311,439	13,049,262	12,680,399
Postal receipts .....	\$ 12,508,439	\$ 11,428,786	\$ 11,638,588
Air passengers: Arrivals .....	178,717	220,349	140,699
Departures .....	184,705	229,521	148,089
Consumers' Price Index (1935-39 = 100) .....	195.4†	194.4†	180.0
Livestock slaughtered under federal inspection .....	701,644	584,500	660,372
Families on relief rolls: Cook County .....	20,916	20,984	26,525
Other Illinois counties .....	13,271	12,794	17,571

\*Preliminary figure.

†Figures are on same basis as year ago. New indexes are 194.3 for November, 1951 and 193.5 for October, 1951.

## FEBRUARY, 1952, TAX CALENDAR

Date Due	Tax	Returnable to
1	Payment due on floor stock tax on distilled spirits, malt liquor and wines. (Return form was due December 1, 1951)	Collector of Internal Revenue
15	If total O.A.B. taxes (employer and employee) plus income tax withheld in previous month exceeds \$100, pay amount to	Authorized Depository
15	Illinois Retailers' Occupation Tax return and payment for month of January	Director of Revenue
15	Annual Federal Information returns. This is calendar year 1951 report—not fiscal. (Forms 1096 and 1099). 1099 not required on wages reported on Form W-2 (Rev.)	Commissioner of Internal Revenue, c/ Processing Division Pratt & Whitney Plant, Kansas City Missouri
29	Last day for filing of annual Franchise Tax Report without penalty by domestic and foreign corporations. Based on calendar year 1952 or on end of fiscal year preceding December 31, 1951	Secretary of State
29	Federal Excise Tax return and payment due for January, 1952	Collector of Internal Revenue



# COMMERCE

## M A G A Z I N E

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### CONTENTS ☆

How Business Works For Chicago.....	By Guy E. Reed	7
Our Colleges		
Need Help — Now!.....	By Benjamin Melnitsky	15
Battle Over Interest Rates.....	By Jack Robins	17
Fortify Your		
Executive Team!.....	By James A. Newman	18
They Thought		
They Had Insurance!.....	By H. G. Kemper	20
Whither		
Collective Bargaining.....	By William G. Caples	22

### REGULAR FEATURES ☆

Statistics of Chicago Business.....	2
The Editor's Page.....	9
Here, There and Everywhere.....	10
Trends in Finance and Business.....	12
Invest — In the Middle West.....	31
Industrial Developments in the Chicago Area.....	35
Transportation and Traffic.....	39
New Products.....	42
Stop Me — If.....	48

## In This Issue . . .

Estimates are that by 1960 industry will need over 300,000 technicians and scientists — half again as many as are now so employed. But higher education is simply not equipped to train these folks or the thousands of potential business leaders we will need in the future. As Benjamin Melnitsky points out (p. 15), our colleges are facing a crisis these days — too few teachers and completely inadequate facilities! Industry, with a tremendous stake in this educational crisis, can do much to help the schools and Mr. Melnitsky suggests a number of specific steps.

The continuing battle between the Federal Reserve Board and the Treasury Department over the control of credit through interest rates is heading into a new round this year. Washington Correspondent Jack Robins reports (p. 17) on a Congressional inquiry into the subject, due to begin in several weeks. The outcome will influence the interest rate businessmen will pay for the money they borrow and the amount of credit available to them.

"Jim Jones was a terrific young worker, had a great future here, then the XYZ Company hired him away for more money!" So goes the lament of the top management man who watches the competition raid his executive team. Management Consultant James A. Newman, of Booz, Allen and Hamilton, says there are two courses open: you can adopt "stop-gap" measures, which probably won't stop the gaps for long, or you can formulate a sound, long-range executive development program. His article, "Fortify Your Executive Team," begins on page 18.

To President H. G. Kemper of Lumbermens Mutual Casualty Company, "noninsurance" and "underinsurance" are familiar terms. He has seen many companies pay the heavy cost (which sometimes means bankruptcy) of loopholes in their insurance protection. He reports (p. 20) on some of these cases in which foresight would have been infinitely more valuable than hindsight.

Alan Sturdy, Editor

Lewis A. Riley, Associate Editor

Gordon Rice, Advertising Manager

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MEN and women representing several hundred Chicago-area business firms are now taking courses at Roosevelt College. Here opportunity is unlimited for ambitious youth to further their education and their job potential. Classes that are closely related to their everyday work are available, day or evening, in Commerce, Liberal Arts, Science, or Music. Because trained employees are more valuable employees, many alert business men encourage their people to attend Roosevelt College. In fact, some employers even share in the cost as a business investment in the future. If you would like to know more about the College and its opportunities for employed men and women, we will gladly furnish full information.

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# HOW BUSINESS WORKS FOR CHICAGO

**F**OR nearly fifty years, the businessmen of Chicago have successfully carried on a program for the civic and business betterment of the community.

They have worked through their own, voluntary organization — The Chicago Association of Commerce and Industry, the one organization devoted solely to improving Chicago as a community in which to live and carry on business.

Throughout that half century, the entire revenue of the Association has come from annual dues payments made by member companies. The basic dues unit for the smallest companies has remained unchanged. Amounts paid by larger companies have always been larger in proportion to each company's size and interest in Chicago.

The revenue which the Association has had available to work for Chicago's civic and business improvement, and provide direct services to member companies, has been about four hundred and seventy thousand dollars annually since 1945.

Measured either by the value of the Association's work to the community and to its members, or by the cost of its work compared to the volume and investment of Chicago business, this amount is extremely small. Compare it with the five billion dollars in annual retail sales, the sixteen billion dollars in wholesale sales, the seventeen billion dollars in manufactured output, or the many hundreds of billions of capital investment.

Every businessman knows that the cost of operating any enterprise has risen tremendously in the last five years. Every businessman who pauses for even a moment's consideration will realize that the Association cannot carry on all of the important functions it has been performing unless its revenue is increased commensurately with these cost increases.

No businessman will want the long demonstrated effectiveness of the Association's work to decrease for any reason — least of all for lack of adequate revenue.

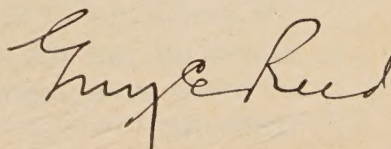
As a member of The Chicago Association of Commerce and Industry for many years, and its President for the past year, I feel it my obligation to bring the financial needs of the Association to the attention of every Chicago business firm, and to call upon each of them to consider its vital stake in maintaining the Association's effectiveness.

If you are not a member, apply for membership now.

If you are one of the members whose dues are no longer proportionate to your size and interest in the community, agree to the increase which will be requested of you at the time of your 1951-52 billing.

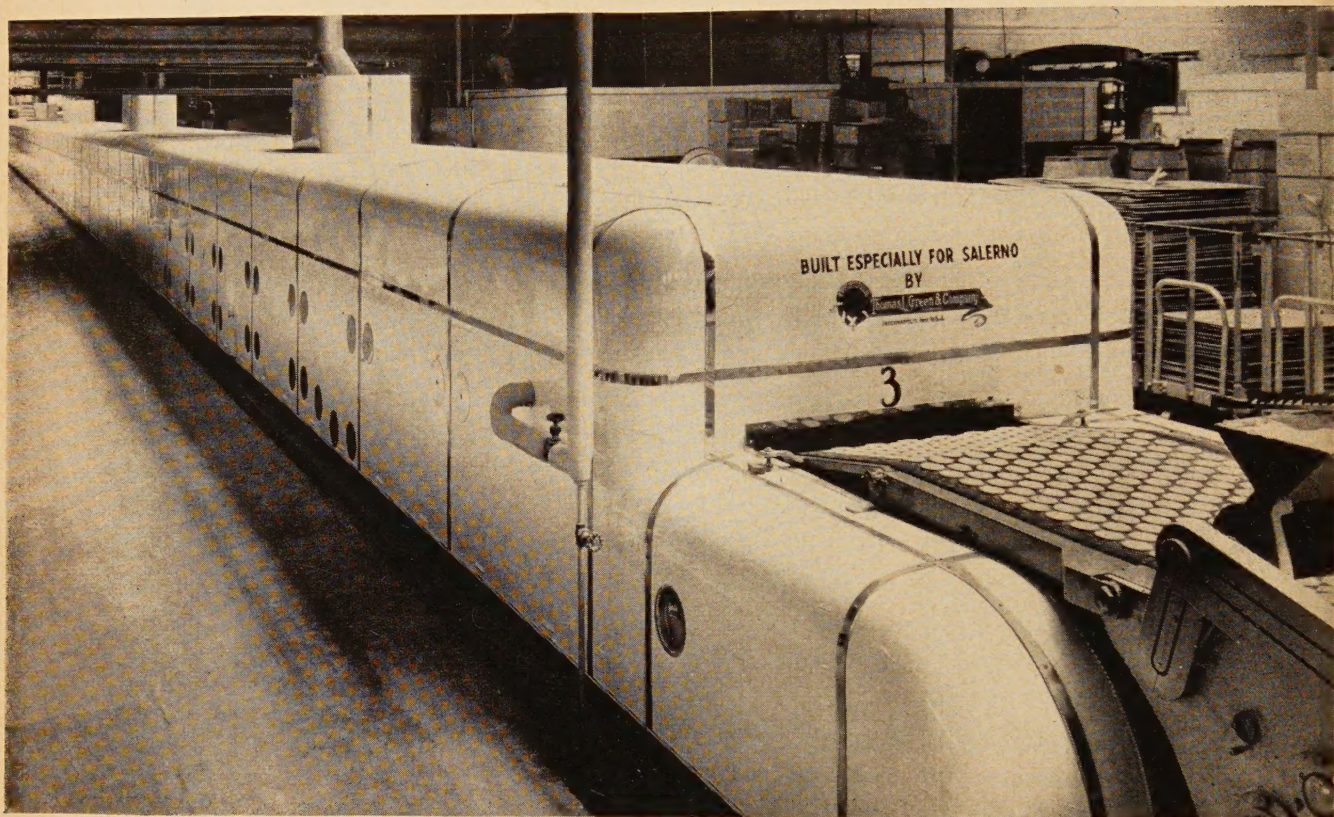
Chicago has become the nation's greatest center of commerce and industry because its businessmen have never failed in their civic responsibility.

I have every confidence they will not fail now.





# GAS AT WORK



In this chrome trimmed vitreous enameled continuous gas oven, the Salerno tradition of fine baked products is maintained. Over 25 million crackers and cookies are produced daily in the spotless Salerno-Megowen bakery on Chicago's west side.

**T**HERE is something about a gas oven which imparts goodness and "doneness" to baked goods. In this completely automatic oven, 200 feet in length, crackers and butter cookies are properly baked in four minutes. Direct fire from 298 burners furnishes controlled temperatures to guarantee a cookie or cracker delectably done.

Plant efficiency and cleanliness are major points in the production of Salerno crackers and butter cookies — known all over the world. GAS helps in the maintenance of these strict regulations and furnishes accurate temperatures.

**THE PEOPLES GAS LIGHT AND COKE COMPANY**



# The Editor's Page

## ■ Corncobs, Worms and OPS

THE Office of Price Stabilization is rolling up a record for hamstringing business that is outstanding even among government regulatory agencies, which are old hands at hamstringing.

Between last April 25, when Ceiling Price Regulation 22 was issued, and mid-December, the OPS has plagued manufacturers with the following additions to the order: 34 amendments, 33 interpretations, 19 supplementary regulations and 24 amendments to supplementary regulations. OPS has also issued a fact finding sheet, a 12 page printed guide and several additional forms or applications, all pertaining to CPR 22.

A particularly classic performance was the way OPS handled its Form 8 under CPR 22. The OPS has given most manufacturers no less than three or four deadlines for filing Form 8, the most recent of which was December 19. Most companies had to invest a large amount of work in preparing data for each deadline. With each new deadline came a brand new batch of OPS-concocted rules and, each time, it was up to industry to figure them out.

In this futile battle of the deadlines, one medium sized corporation spent over \$200,000 in gathering and analyzing data. After finally getting its ceiling prices established, the corporation found that it was unable to sell more than half its products at prices as high as ceiling because of market conditions. Thousands of other manufacturers undoubtedly have had like experience. The aggregate waste runs into many millions. But OPS goes merrily on its way. Recently, for example, it disclosed that after detailed study and consultation it had decided that "there is, in general, no acute demand for corncobs." Accordingly, corncobs have been decontrolled. A few days later it was edible worms that were decontrolled. The weary taxpayer who paid a pretty penny to have corncob and edible worm prices controlled, then studied and decontrolled, may ask why they were controlled in the first place. On second thought, however, that might not be so wise, either, because the study and research the OPS would have to go through to come up with an answer probably would cost another small fortune.

## ■ Free Labor And Enterprise

A RECENT address by Frank W. Jacobs, vice president of the International Brotherhood of Electrical Workers, indicates that labor leaders are beginning to awaken to the menace of socialization of industry.

In part, he said, "The IBEW was a strong supporter of the public power program when the govern-

ment commenced its development . . . We have found, however, that the public power program has gone far beyond the plans of its initial sponsors. The use of the preferential treatment given to 'states, counties, municipalities and cooperative organizations' has resulted in the federal government deliberately setting out to create socialistic agencies to use federal power.

"The scope of the public power program has been extended step by step to the point of peril to legitimate free enterprise and free labor . . .

"The IBEW has learned through bitter experience that the fine sounding slogan of 'public power' does not serve to safeguard labor's rights and interests. Our experience with this preferred group (state, territories, co-ops, etc.) has convinced us that we can expect no consideration from them. They have in the past consistently refused to recognize us for collective bargaining purposes, and they are strengthened in that refusal by statute . . .

"Our only effective answer is to do what we can to stop the displacement of private utility companies with government utilities."

Evidently labor is learning the hard way that free labor and free enterprise are part of the same system — and that when one is destroyed the other also gets the axe.

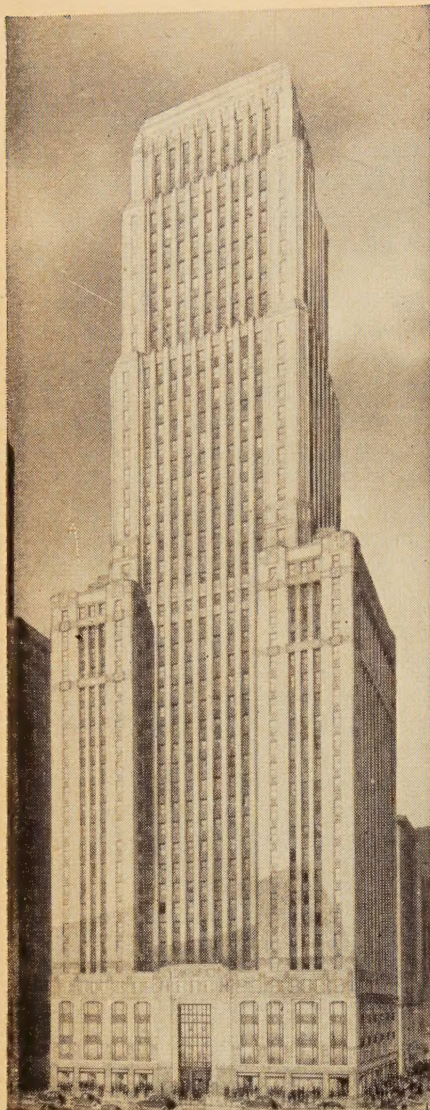
## ■ Two Bits We'll Save!

TUCKED among the Christmas cards last month was a crisp brown envelope with no postage stamp and, quick as a wink, we knew our good old government was communicating with us again. It was just a brief note, printed in seasonal green, telling us in a neighborly sort of way that the folks down in Washington had just whipped together a new booklet and that they certainly wanted us to have a copy. The note went on to say that the income tax laws had been changed recently — a fact that had come to our attention somewhat earlier — and that the new booklet would tell us all about these changes and how they would affect our tax return this year.

We were warming up to the idea and just about to dictate a note to Washington inviting them to send along our copy of "Your Federal Income Tax" when we came to the words, still in green ink, "25 Cents Per Copy." Well, the good old government won't get two bits from us for a booklet explaining how the good old government is now carving the biggest chunk yet out of our pay check. That deceptively friendly note wound up in the wastebasket. When we pay for income tax advice, we'll go to a neutral party, to say the least, and preferably to a guy on our side — say the gentleman who gets out that book, "501 Ways to Reduce Your Income Tax!" For that we'll pay a buck, but not one penny to the government!

*Alan Sturdy*





## One La Salle Street

Here, at the center of Chicago's financial, life insurance, legal, and commercial activities, skill and expert scientific planning have created a modern business setting of outstanding distinction. The many prominent tenants of this great building appreciate not only this factor of central location, but also the high standards of service maintained for their comfort and convenience, making One La Salle Street an address of prestige. For all who seek downtown office space, the special advantages afforded at One La Salle Street are worthy of first consideration.

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# HERE-THERE and EVERYWHERE

• **Big Wind of '52**—Supersonic speeds up to 942 miles an hour will be reached by whirling blades of a giant new Westinghouse Electric Corporation turbine-generator being built to supply additional power for Alabama. It will take an hour and a half to bring the giant machine to top speed, than a half hour to stop it. The generator will furnish enough electric power to meet the needs of a city of about 200,000.

• **No Cheesecake, Please!**—This is the month we take the first look at a new calendar, a seasonal experience that prompts the Gerlach-Barklow Company to observe that semi-exposed females do not make good calendar "art." Speaking from its 45 years of experience as calendar makers, Gerlach-Barklow says it's unwise for a company to associate its name with a suggestive picture. There are about two dozen themes which are "safe" for calendar pictures, and the company that goes beyond these is just looking for trouble.

• **Stockholder Record**—The Standard Oil Company of Indiana reports that more people now share in its ownership than ever before in its 62-year history. Today, Standard has 116,000 shareholders compared with about 100,000 in 1938 and about 108,000 in 1932. More than half the shareholders live in 15 midwestern states served by Standard and nearly a tenth live in Chicago, the company's headquarters.

• **Eye Checkup**—A voluntary, free check on their ability to see is being conducted among employees of the B. F. Goodrich Company plants in Akron, Ohio. Using a machine called the "Sight Screener," results of the tests are studied by the company's medical department and a

sealed report is sent each employee. It tells whether the sight test has been passed, or whether the worker could benefit from an eye examination.

• **Forest Improvement**—The American Forestry Association reports that some of the greatest gains in the 50 years of forestry conservation in the United States have been made in the last five years. During the five-year period, an additional 56,000,000 acres have been put under organized forest fire protection; the number of forest fires have been reduced by 16,000 yearly, and over a million acres of tree seedlings have been planted. In the period, unfortunately, insects and diseases caused heavier losses to forest resources than did fire.

• **Taxes and the Atom**—Commerce Clearing House reports that you can now deduct bomb shelter costs as current business expenses—if you can convince the Bureau of Internal Revenue that the shelter will be totally worthless for any other purpose and that the cost is relatively small. There is one hitch in the ruling, however. If the shelter can be used for storage space on any other business purpose in the future the expense must be capitalized and depreciation claimed.

• **Marriage and the Law**—A new book, "Law of Marriage and Divorce Simplified," published by Oceana Publications of New York, gathers together marriage laws from throughout the country. Examples: In Georgia it's illegal to marry your husband's grandfather. A girl can marry in staid Massachusetts at age 12, but if she's an inhabitant of the Kentucky hills she must wait until she is 16. You can marry your first cousin in West Virginia, but only if he is over 50. The book,

(Continued on page 47)



# WE'VE GOT ALL 3

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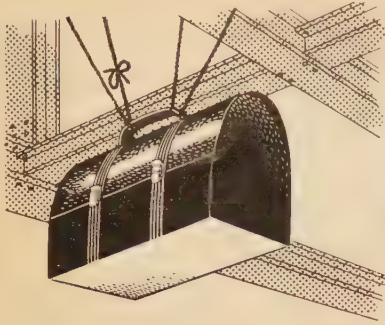
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When workers have to **tie-up** their lunches like this — to escape the encroachments of rats, roaches or other pests — there's serious trouble ahead for **management!** Because the anger and resentment pests cause among employees show-up in poor morale, "anti" attitudes and **lowered production.** That's why it's important for **every** plant — not just those where goods or materials can be harmed — to guard against pest infestations. Find out right now how the **McCloud** system of Premise Inspection and Regular Prevention Application can keep **your** plant or factory **pest-free** and safe! Write or phone for complete details today!



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## Trends in FINANCE and BUSINESS

### These Are Tough Days For The Prognosticators!

If the economic forecasters seem to be dealing in hazy double-talk this month as they scan the year ahead, they can be forgiven. The crystal balls are bound to be somewhat clouded this opening month of 1952 for, as economists of the Federal Reserve Bank of Chicago (themselves no mean forecasters) point out, no one can more than guess the behavior of the two most important economic factors in the next 12 months. One is the international situation which, if bad, could easily spark another civilian buying splurge, not to mention still greater defense spending and which, if good, could ease tensions, and produce political pressures to scale down defense spending and allocate more goods to consumers. The other big question mark is the consumer. If the average housewife and man in the street increase their spending significantly, there'll be more inflation; if not, serious inflation during 1952 may be averted despite growing defense expenditures.

These two factors make forecasting a rather "iffy" business right now. Nevertheless, here's how the year 1952 shapes up in the Chicago Federal Reserve Bank's opinion. Military and foreign aid spending is scheduled to keep on rising at about the same rate as in 1951, with the result that by the end of this year it will have reached an annual rate of over \$65 billion, compared with \$47 billion at the end of last year. This upward trend, the bank hazards, is almost certain to kindle inflationary forces, particularly in the later half of the year. The bank believes price and wage controls will gradually give ground under the pressure and that some cost-inspired price rises will follow.

Capital expenditures for new plant facilities and equipment which hit a record of about \$25 billion in 1951, should hold at about the same level this year, partly because so many delayed building programs involving defense production are being carried over. The only limiting factor now in sight, the bank believes, is the inevitability of shrinking working capital as taxes bite steadily deeper, especially toward the end of 1952. Residential construction on the other hand is expected to continue the downtrend which persisted last year, certainly until mid-1952.

Employment, the bank forecasts, will continue high, strong pressures will be exerted to increase wages, and the shortage of skilled manpower will intensify as the defense industries continue to draw off many trained workers from civilian industry. Meanwhile, personal income — gross, at least — should rise moderately, although disposable income will rise much more slowly because of higher taxes. Goods too buy will be readily available this year, especially apparel and other soft goods lines, where production is now below capacity and material restrictions are unlikely. Food will be ample and meat production should rise moderately. Autos, appliances and other durables will tighten, however, as the result of material allocations and diminishing inventories.

“ “ ” ”

**It's A Big, Bright  
World For The  
Engineering Grad**

Next to the sweet young thing with the doll face and the form divine, the individual with the brightest prospects for the future these days seems to be the young man with a brand new engineering degree. The Illinois Institute of Technology reports that



the job outlook for February engineering graduates is the best yet. There are at least three jobs waiting to be filled for every graduate, the institute reports, adding that its own 265 graduates have been interviewed by no less than 175 companies, many of them seeking several engineers.

Meanwhile, the average starting salary for engineers has jumped about \$15 to \$20 a month since last June. Then, Illinois Tech graduates averaged \$307 a month on their first job, but February graduates will average at least \$320. Industrial interviewers are already looking over June graduates, the school adds, without suggesting just where the salary level will be in another five months.

« « » »

**Nation Has** day has a greater  
**Record Pool Of** pool of workers  
**Skilled Workers** with specialized training and skills than ever before, both in number and proportion of the total working force, according to studies of national manpower resources by government agencies.

The number of workers with such qualifications aggregated more than 26,000,000 in October, 1951, equivalent to over 42 per cent of all people then employed. This is a greater number and a higher percentage than in April, 1945, at the height of the World War II production effort. At that time, the number of skilled and semi-skilled workers aggregated just above 22,000,000, equivalent to about 41 per cent of the total 1945 working force. The equivalent number of such workers employed in 1940 was just above 17,000,000 or only 37 per cent of all then at work.

« « » »

**More Companies** companies using  
**Using Executive** formal evaluation  
**Job Evaluation** for managerial positions is steadily increasing, according to a survey by the National Industrial Conference Board. The board found that out of 244 firms 123, or 55 per cent, have managerial evaluation programs. An earlier survey six years ago disclosed that less than a third

(Continued on page 46)

## Preliminary PENSION STUDY

A preliminary study by our pension and actuarial staff will provide you with complete, factual and unbiased advice on your company's retirement problems. Send without obligation for our brochure, "Planning a Successful Retirement Program for Your Company."

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# Our Colleges Need Help—Now!

By Benjamin Melnitsky

Higher Education Is Facing a Financial Crisis At Just The Time When Industry Needs College-Trained Men The Most

**A**MERICA today is facing the worst educational crisis in its history. The situation is all the more alarming because it is coming to a head at precisely the time when the product of higher education—trained young scientists, technicians, economists, and business executive timber — are needed as never before.

The facts speak for themselves:

In 1920 some 10,000 persons were engaged in industrial research. Today, some 200,000 are so engaged and, by 1960, estimates are that industry will need over 300,000 trained researchers. There are neither the schools nor the teachers to provide these needed scientists and technicians.

There is a near-disastrous shortage of teachers and the deficit is constantly worsening. In 1940 there were 11.4 college students for every faculty member, in 1947 there were more than 15 students for every faculty member, and the ratio continues to grow more lopsided. According to Dwight D. Eisenhower, higher education urgently needs 70,000 more teachers, yet a mere 12,000 are in training today!

Not only are more teachers

needed, but vastly increased classroom and laboratory facilities. The U. S. Office of Education declares that \$5 billion should be spent to increase college teaching space, yet one out of two independent liberal arts institutions is already operating in the red—and the break-even point crawls steadily upward!

Education has been getting a thinner share of national income. The American Council on Education reports that in 1940 the United States spent 2.5 per cent of its gross national income for education; in 1947, only 1.9 per cent; and today, the figure has been squeezed to 1.7 per cent!

Because of inadequate facilities for technical and scientific training, higher education is turning out a cruelly unbalanced supply of graduates seeking white-collar jobs (of which there are not enough) and technically-trained graduates (for whom there are more jobs than can be filled). The schools, in the words of Harvard's Dr. James B. Conant, are creating "a white-collared proletariat, an army of unemployed, because more will desire professional work than our society can support." The result is a preponderance of fair lawyers who might

have made excellent scientists and business leaders!

Industry's stake in this educational crisis is tremendous, for industry today needs exceptionally able and fully trained young people. For a variety of reasons they are simply not being turned forth on graduation day.

For one thing, vocational guidance is sorely inadequate. A recent survey of 1,167 on-the-job trainees, who over a period of 13 years were hired directly from college by 247 Chicago-area companies showed that only 58 per cent were still on the job after one year. The cost of training the washouts amounted to \$1,347,000! They were so poorly advised and so poorly educated they couldn't last 12 months on an industrial training program.

Meanwhile, the standards for business leaders are rising rapidly. Industry needs young people with broad qualifications. As Dr. Frank H. Surface, consultant to Standard Oil of New Jersey puts it, industry needs young men of "mental honesty" — a man with "an open mind which searches for facts, who thinks for himself, and who has a good understanding of our economic system and the forces that make it work." In short, says Dr. Surface,

There are neither the schools nor the teachers to provide the thousands of technicians industry urgently needs  
*Ewing Galloway*



men who understand that "the objectives of business enterprise are not only to furnish useful products and services to consumers but also make possible a satisfactory way of life for employees."

Such men are not mass-produced in overcrowded and understaffed educational institutions!

Nor can industry depend upon its financially-weakened educational allies for scientific cooperation of the calibre of past years. A distinguished scientist declared recently that 95 per cent of the modern chemical industry is based on discoveries made in the university laboratory. The atomic bomb, radar, and the electron microscope are but a few of the major inventions made possible by basic research in our universities. College laboratories available for industrial research are in every state; New York alone has 27 institutions prepared to aid industry.

In Chicago an increasing number of large firms are each contributing from \$20,000 to \$50,000 a year to help finance nuclear energy research at the University of Chicago's world-famous scientific center. Engineers from cooperating companies meet regularly at the university to be brought up to date on the vast research program.

Right here is one of the important areas where industry, in enlightened self-interest, can safeguard its stake in higher education. Karl T. Compton, former president of Massachusetts Institute of Technology declares, "Quite recently there has been developing a very significant trend, in that industry has been more and more adopting the policy of giving direct support to academic research laboratories. Sometimes this is by direct con-

## **"THE MOST CHALLENGING HORIZON FOR BUSINESS"**

The greatest challenge of our era, in my opinion, is increased economic understanding among our people — appreciation of the system of society and enterprise that has made us a great nation. If the people of America fail to appreciate how we came by this amazing living standard, and the opportunity we have for expanding and improving it, we run the risk of losing all we have.

Business in the second half century will work more and more with education to bridge this gap in our economic understanding. We will employ daring and ingenious techniques to get economic understanding over to the new generations at an early age. Every industry can help in this work by making available the practical experience gained in its particular segments of our economy.

Right now the financial needs of our educational institutions are the greatest in history. Industry should do its part to fill the need.

I believe that the outlook is for increasing understanding and cooperation between business and education. Both will profit from this trend, and the American people will profit most of all.

— Harry A. Bullis, chairman of the board,  
General Mills, Inc.

tracts, but more often by grants in support of a general line of research which the company believes will be beneficial to it because of the training of research personnel in fields in which the company is vitally interested. These forward-looking companies realize that their contributions can bring back from the academic laboratories an increased flow of men and ideas!"

### **Sales Promotion**

Marketing, sales promotion, and product development are other fields in which industry and education can cooperate to mutual advantage. New York University, Wayne University, and the University of Wisconsin, are among the schools which have developed psychological job placement tests. In many instances, they even interview and test prospective workers for cooperating companies. Time and motion studies, consumer preference surveys, and regional sales-potential

analyses are available from most schools.

Faculty members at Chicago Loyola University frequently serve as arbiters in labor disputes and Roosevelt College has established a clerical staff selection program to aid employers in the recruiting of general clerical workers. DePaul University has developed a program to provide industry a psychological analysis and solution of selling, personnel and similar business problems. Northwestern University's nationally known commerce school provides practical assistance to scores of trade organizations throughout the midwest.\*

Equally valuable are college evening classes dealing with the immediate prob-

lems of industry and business. At the College of the City of New York, employes of local export houses study world trade problems. At the University of Toledo, young executives and foremen of the Dana Corporation are being trained in leadership and personnel management. Other colleges send their professors into plants to conduct company-sponsored classes.

At best, however, industry has only scratched the surface of this great area of cooperation with higher education. Yet there is no better way by which individual companies can assist neighboring schools, and at the same time profit handsomely from their investment.

Then there is the program of economic education conceived by the Committee for Economic Development. In many colleges, businessmen and educators are cooperating

(Continued on page 27)

\*For a detailed discussion of how Chicago universities and colleges are directly aiding industry, see "Problem, Find An Ivory Tower!" — *COMMERCE*, September, 1950.



COMING: A new round in the vital

# Battle over Interest Rates

By JACK ROBINS

**A**N old Washington feud is scheduled for an airing early this year—the long standing dispute between the Federal Reserve Board and the Treasury Department over the control of credit through interest rates.

On the surface it looks like a dry, technical feud involving nothing more exciting than fractional changes in the rediscount rate. But underneath it carries the same elements of high intrigue as most Washington feuds. In this case the conflict is more between opposing economic theories than jealously ambitious individuals. Personalities do play a part in it, however. During the last few years, when the battle over interest rates has waxed hot, one of the leading rivals, Marriner S. Eccles, was first demoted as chairman of the Federal Reserve Board by President Truman. Later he led the "Fed" in action against Mr. Truman's Secretary of the Treasury, John Snyder, and finally Mr. Eccles retired voluntarily from the theatre of combat.

Aside from the dusty statistics and the personality clashes is the fact that the business man has a vital stake in the outcome. It will have a bearing on the interest rate he pays for the money he borrows and on the amount of credit available to him.

## Congressional Inquiry

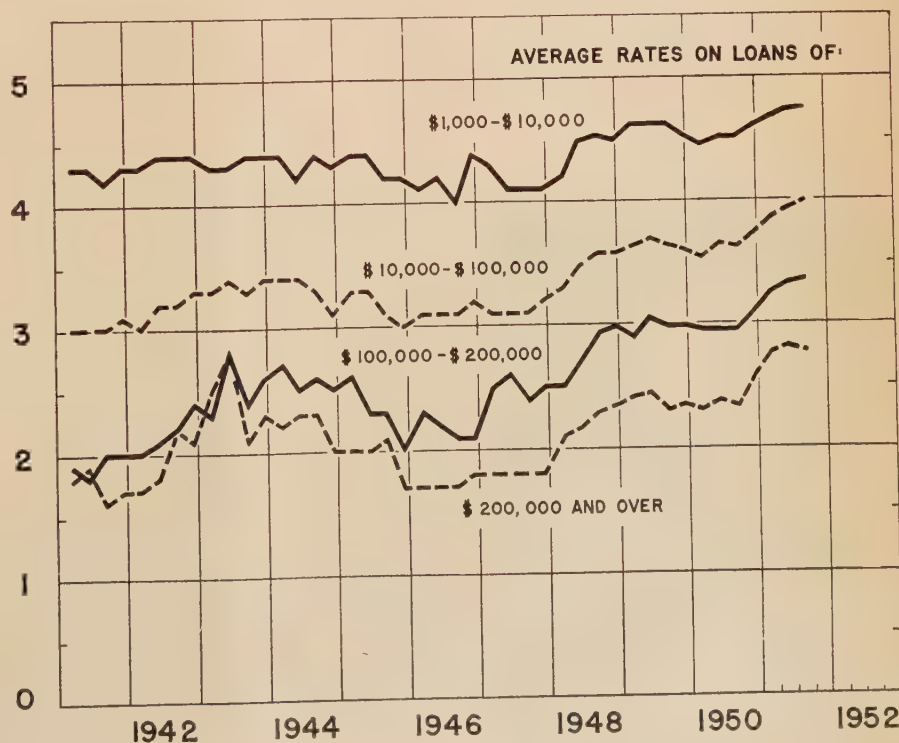
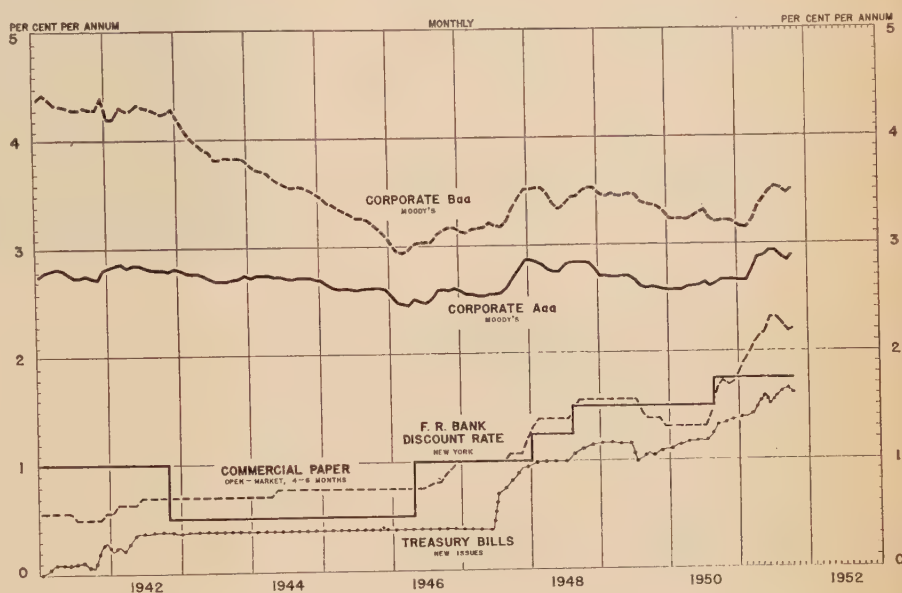
The umpire in this new attempt to reach a decision on the interest rate question is a five-man subcommittee of the Joint Congressional Committee on the Economic Report—the same group, with one exception, which umpired the row two years ago and decided in favor of Federal Reserve. This time, however, the chairmanship has passed from Senator Paul H. Douglas of Illinois to Representative Wright Patman of Texas, and the late Representative Frank Buchanan of

Pennsylvania has been replaced on the subcommittee by Representative Richard Bolling of Missouri.

Why, then, should this subcommittee on credit control and debt

(Continued on page 34)

## MONEY RATES





First, work  
out a sound plan  
of development

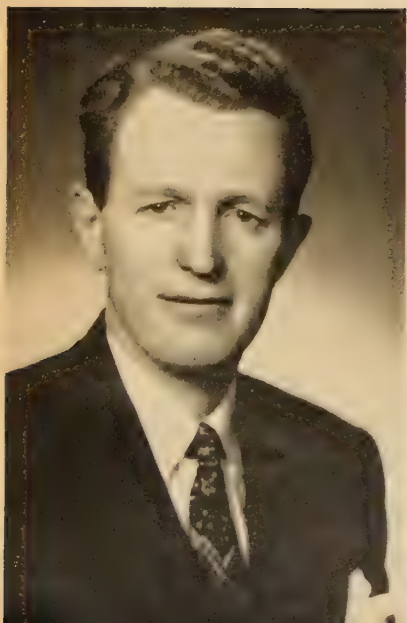
# Fortify your Executive Team!



*Here's how you can avoid losing  
key men when you need them most*

by **JAMES A. NEWMAN**

Partner, Booz, Allen and Hamilton



**M**OST managements today are struggling with the problem of what to do about the shortage of younger executives. Some companies have fortified themselves with developmental programs of many years standing which have equipped them with well-balanced executive teams. The great majority of firms, however, has found it difficult to make real progress in meeting management personnel needs. Unfortunately, "just waiting" isn't the answer. In many cases the passage of time only accentuates the need for decisive action.

Recent events have greatly increased the shortage of young executives. For example:

The vast expansion of our industrial machine in the last 10 years, with an accompanying increase in the need for management personnel. The Federal Reserve Board index of industrial production, which is based on physical volume, shows an advance of better than 75 per cent since 1940. Our gross national product has increased from \$101 billion in 1940 to \$328 billion today, and, only a portion of the increase represents dollar inflation. Our labor force, exclusive of the armed services, totals 64,000,000—a figure considered impossible of achievement in 1940.

In the last 18 months, the sub-



stantial flow of men into the armed forces and governmental service has further drained an already tight manpower supply. An appreciable percentage of these men are young business executives in civilian life.

Almost all junior executives in business today had their growth interrupted by the war. The interruption came at an unfortunate time for these men as it represented a sacrifice of from three to five years out of their formative growth period.

Added to the numerical shortage, the development of management skills has been out of balance. The past decade has been marked by an almost continual maximum use of our industrial

Pressures of the moment often lead managements to adopt stop-gap measures. They believe immediate action is necessary, but they are operating in an area where they do not have an established program. Actually, the time required to effect a sound and long-range solution to their problem need be only 90 to 120 days longer than that required for stop-gap solutions!

A few managements have tackled the problem of retaining key executives with a sincere desire to do the right thing, but with a treatment which proved short-range in its effect. Some companies attempt to insert a special position into the organization structure in an effort to provide a challenge for a valuable man; others give a man a title, provide him with a private office, or tell him how important he will be in the future to the company. Such "solutions" treat only the symptom and not the cause, and often by their very abruptness create more problems than they solve.

### "Spot Remedies"

Recently the head of a large Eastern corporation did not know what to do with a very able executive in his sales department. He was obviously much heavier than the job he was holding. Recognizing the possibilities of losing the man unless his abilities could be challenged, the head of the company promoted him to administrative assistant to the president. This man, whose personality was as powerful as that of the vice-presidents, soon became "a man without a country." He seemed to be stepping on the toes of his associates no matter what problem he picked up. Four months later, he resigned!

While some "spot" remedies will temporarily relieve specific conditions, the real solution lies in a sound, well-balanced executive development program. Such a program has the advantage of retaining present men and, at the same time, attracting outsiders by virtue of its very existence.



The fundamental question is, of course, "what is the program designed to accomplish?" To plan for the retention and development of men, management must know for what needs they are being retained and for what future requirements they are being developed. Unless people know what their duties are, and the relation of their activity to others, work becomes confusing and performance and growth is retarded. Unbalanced organization throws too much burden on some and not enough on others.

Once a plan of organization has been firmly established, there are five subsequent steps. Management must:

1. Determine executive requirements and check against availability.
2. Develop an adequate and competitive compensation plan.

(Continued on page 29)



machine. The result has been a concentration of emphasis on production with only moderate attention to sales, accounting, cost control, research and personnel. Unknown and only slightly understood, therefore, are the stringent, hard-hitting performances required in these areas in more difficult times.

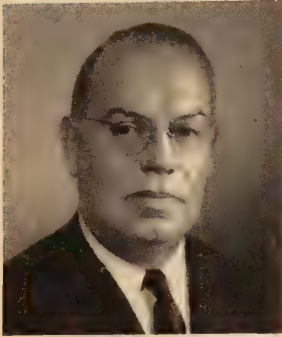
Serious as the chronic shortage of executives is, companies are even further handicapped by governmental controls. Today, salaries are supposedly frozen, but nothing prevents an executive from moving to another company where salaries are higher. With this great loophole in the control of salaries and recalling the fluidity of executives during the last war, managements should redouble their efforts to maintain and develop their junior and middle management executives.





Plug those loopholes **before** disaster strikes . . .

# *They Thought They Had Insurance!*



By H. G. KEMPER

President, Lumbermens Mutual Casualty  
Company

**A** TERRIFIC explosion in the South recently blew a \$110,000 manufacturing plant right out of business. In addition to leveling the plant, the blast also caused damage estimated at more than \$1,000,000 to surrounding property.

Investigation disclosed that a propane gas storage tank standing alongside the plant had developed a leak. Escaping propane, heavier than air, oozed down some stairs and seeped into the basement where it was ignited by the pilot light in the furnace.

This story of destruction splashed

across page one. But the newspapers omitted some important details.

The owner of the plant had been careful to carry an adequate amount of fire insurance—\$90,000 worth. Yet he recovered not a penny because he was unprotected financially against a loss caused by explosion. There was, indeed, a gaping omission in his insurance protection!

## **A \$36,000 Loophole!**

Consider another case that made the front page. Marie, age 10, a bright little girl, was roller skating one summer day with two of her girl friends near a parked truck. The truck was used to transport liquefied gas.

Suddenly a metal covered hose on the truck exploded and lashed about wildly. It dealt glancing blows to Marie's two friends and then concentrated on her. Marie was knocked to the pavement and

whipped savagely. Her skull was fractured in several places, her left lung was punctured, one leg was broken and other injuries were inflicted as she was beaten into unconsciousness.

Legitimate expenses for surgical, medical, hospital and nursing care exceeded \$19,000 in less than two years. Her injuries were said to be permanent—both physically and mentally. The transport company was sued for more than \$300,000, and the case was finally settled recently, through expert assistance from the trial judge and after prolonged negotiations, for \$136,000! The transport company was insured for \$100,000 against injury to one person and this amount was paid by the insurance company. The transport company paid the remaining \$36,000. That was the price to this company of inadequate insurance.

Here are cases of "noninsurance"

Many companies are seriously underinsured against liabilities incurred in accidents involving company automobiles; some have paid for oversight.

One survey of a hundred companies disclosed that less than half had extended





and "underinsurance." One shows what can happen—what actually did happen—in the event of incomplete protection. The second demonstrates the danger of insufficient protection. Both typify how easy it is to lose money.

Unfortunately, they are not the only examples. An explosion occurred in an Illinois plant that carried \$25,000 insurance under boiler and machinery coverage for property damage. That plant needed \$180,000 to settle claims from one explosion! A grain mill carrying \$25,000 property damage insurance had to add \$75,000 of its own money to settle a large loss. A machine plant, also insured for \$25,000, had a loss of \$150,000.

These and scores of other accidents which cost the businessman more money than his insurance company prompted us to do some serious reflection. Why these uninsured losses? Where were they? What could be done?

#### Widespread Undercoverage

In an attempt to find some answers, we assigned the bankers information bureau of Lumbermens to make a complete insurance study of 100 companies in one industry. Final results of the survey were startling. Although we hope the results are not typical of other industries, we do believe they are indicative of similar weak spots throughout industry.

The survey disclosed that 56 of the 100 companies carried inadequate fire insurance. Many businessmen had overlooked the effect of

inflation on plant values and merely renewed their fire policies year after year for the same old amount.

We pointed out this discrepancy to one small manufacturer, who was carrying \$25,000 fire coverage. At our suggestion, he had an appraisal made at a cost of \$250. The appraisal found that the current value of his plant was \$81,250 and the manufacturer immediately raised his fire insurance to \$65,000 to meet co-insurance requirements.

#### Business Interruptions

Five months later a fire broke out in this plant causing \$35,000 damage. Under his former coverage, because of co-insurance requirements, this manufacturer could have collected only \$13,460 from his insurance company and would have had to pay the remaining \$21,540 himself. Under his new policy he collected the full \$35,000. The loss, incidentally, was settled in only three days because values were substantiated by the appraisal.

Thus the businessman spent \$250 for an appraisal that saved him more than \$21,000!

Despite full recovery on the fire loss, the fire still cost him approximately \$12,000. We had advised him to purchase business interruption insurance covering earnings lost while the plant is shut down, arising from continuing expenses such as taxes, advertising, other contracts that cannot be terminated, and salaries of executives and wages of essential employees. This protection would have cost him \$500 for

(Continued on page 40)



Six out of 10 firms were found to lack adequate fire insurance; others were without adequate theft insurance.

Acme photos



coverage protection against explosions, windstorm, riots, etc.

Even though an employee is specifically ordered not to use his own car on company business, his employer is liable if he does so and has an accident.





# Whither Collective Bargaining?

A distinguished industrialist speculates

on labor's long-term goals and their significance to business managers

**W**HERE is collective bargaining going? How will its direction affect business? How will our tasks as managers be affected?

I'm trying to foresee the direction of the road, its turnings and what we may expect as we travel the road. My task, in large part, is one of speculation.

In my speculation I have assumed one premise. There is one certainty.

The certainty is that no matter what labor and management do, either jointly or separately, the impact on our businesses will be nothing compared to what happens if either the foreign or fiscal policies of our government prove to be wrong. We can afford to make mistakes in collective bargaining; we cannot afford them in either foreign or fiscal policy.

I have assumed that the policy toward collective bargaining in the United States will remain unchanged. To put it bluntly, collective bargaining is here to stay.

As the basis for my speculation I have tried to determine the long-term goals or objectives of labor in the last fifty years. If the research was not as exhaustive as it should have been, my only defense is the short preparation time allowed and that my researcher almost had a nervous breakdown compiling the mass of opinion he did.

From word and deed, labor's goals can be divided into economic, non-economic and institutional goals. In examining each it is well to bear in mind that the basic difference of the make-up of the A.F.L. and the C.I.O. will have some effect on the possible future demands of each and the means by which fulfillment is attempted.

The A.F.L., with skilled crafts

By **WILLIAM G. CAPLES**

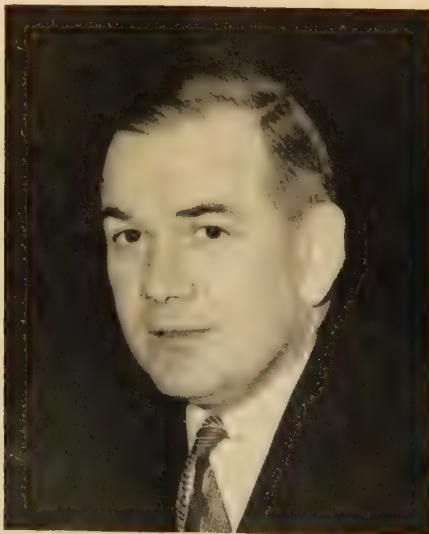
President, Inland Steel Container Company

## SPEECH OF THE MONTH

Made before The National Assn. of Manufacturers, December 6, 1951.

who have the protection and security of their skills, have sufficient bargaining power so that they will not feel a need for government intervention and protection. The C.I.O. whose membership is made up largely of unskilled workers will, because its members lack the security of skill, seek government aid. Geographically, the A.F.L. is spread throughout the country without great concentrations in any areas, whereas the C.I.O. membership is concentrated in two areas, one east of the Mississippi and north of the Mason-Dixon line and the other on the West Coast.

Another background factor to



William G. Caples

keep in mind is that unions are political institutions in which the leaders seek to increase the strength of their union and to maintain themselves in office. The head of any political institution, if he expects to stay in power, is forced to develop workable compromises to resolve the conflicting interests of his members. This tends to cause inconsistency because the compromises and the shifts of power within a union affect union policy. Therefore, only a stable leadership which is unchallenged can place emphasis on long-term goals and work out a long-term strategy to achieve its goals. The craft unions generally have this type of stability, and the industrial unions generally do not. For that reason I have given greater weight to the pronouncements of the craft union leaders because I believe them to be more a product of thought than of expediency.

### Gompers' Goals

I shall make no attempt to define collective bargaining. The reason for this is two-fold. First, because collective bargaining today certainly has gone far beyond the goals stated by Mr. Gompers when he said:

"The primary essential in our mission has been the protection of the wage-worker, now; to increase his wages; to cut hours off the long workday, which was killing him; to improve the safety and the sanitary conditions of the work-shop; to free him from the tyrannies, petty or otherwise, which served to make his existence a slavery. These, in the nature of things, I repeat, were and are the primary objects of trade unionism."

The second reason is that in the "Inland Case," the National Labor



Relations Board and the courts said in effect that at the time of passage of the Wagner Act it was the intent of the Congress that collective bargaining change with time and experience. The effect of that decision might be said to be that if management and labor bargain about an issue at any time, from that time on it is compulsory to bargain about that subject.

With these bargaining assumptions, let's first take up the economic goals of labor.

Among goals within the plant there is a desire to get as high a wage as possible. In our kind of economy, it would seem odd if any of us did not attempt to do the same thing. I suppose that if we accept as the real cause of high prices or inflation the increase of the money supply of the nation due to the federal government's policy of deficit spending and deficit financing, this desire of the unions for economic gain and whatever reaction management may have to it will not have any great effect on the economy. The basic economic forces in my opinion are stronger than anything either labor or management will do. I think proof of this lies in the fact that labor's share of gross national product for the last fifty years has remained approximately the same.

#### Importance Of Productivity

In this regard, it might be well to point out that if in bargaining, management and labor can agree upon a real method of increasing productivity, either through machine utilization or manpower utilization, or both, we may arrive at the real means of stopping inflation. To date, in light of the tremendous increase in the supply of money, it is surprising our productivity has increased so much that prices have risen no further than they have. Let us hope — maybe I should say pray — it will continue to increase at a rate which gives us this much safeguard.

Other economic goals, within the plant, are welfare, increased leisure time, both from a standpoint of longer vacations and a lesser amount of time spent in the work week and, of course, increased shift premiums and the guaranteed annual wage. I look for increased

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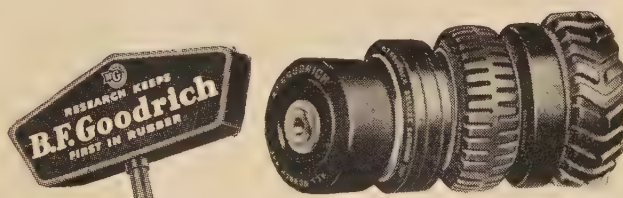
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## MEDICAL MANHUNT

## ARE YOU A HIDDEN DIABETIC?



ONE of the most benevolent manhunts in history is quietly underway these days in the big cities and tiny villages of America. The searching parties use medical equipment, not bloodhounds, for the quarry is a man afflicted—unknowningly—with diabetes. In addition to the million Americans known to have diabetes, nearly another million have the ailment and are ignorant of the fact.

Today, the American Diabetes Association is conducting a nationwide search for these "hidden cases." Many, it is believed, are at work in industry, where their hidden ailment sabotages their efficiency and their well-being. Were their affliction known, they could be treated and returned to vigorous good health. Industry and the nation could thereby recapture millions of vital man hours now wasted by hidden diabetics.

The ADA, a non-profit medical organization founded by physicians, points out that diabetes, though one of the oldest known disorders, is also one of the least known to the layman. Yet of all chronic conditions, it is the only one for which there is a specific control. Today a person with diabetes, discovered in time and brought under treatment, can usually expect to live a full, active and normal life.

There have been a number of well-known cases to prove the point: Davis Cup tennis star Bill Talbert, a diabetic for 22 of his 32 years, who holds 25 tennis titles; outfielder Bill Nicholson of the Philadelphia Phillies; Senator Clinton Ander-

son; and the late Fiorello LaGuardia, who, though a diabetic, was one of the nation's most dynamic men and died, not of diabetes, but of a totally different disease.

Before insulin was discovered 30 years ago, a 10-year-old diabetic could expect to live only a few months. With insulin, regulated diet and exercise, the 10-year-old can now expect to live at least 45 more years—almost the average full life-span.

The ADA, whose detection campaign extends to some 700 communities, lists nine danger signals which warn of the possibility of a diabetic condition: excessive thirst, excessive urination, loss of weight, intense itching, excessive hunger, changing vision, easy tiring, pain in the extremities, and slow-healing cuts and bruises.

In a mild, undiagnosed case, however, not all symptoms may be present. One may merely not feel well or he may become unduly tired. If such a person is tested in time and diabetes is diagnosed, the disease may easily be brought under control, so that he will suffer little discomfort.

Though diabetes may strike anyone, it is most common among: (1) people in whose family there are already known diabetics, (2) those over 40, (3) the overweight, and (4) among women more frequently than men.

The best test of all, says ADA: a regular health examination including a simple screening test for diabetes.

cost in the welfare field as the unions attempt to keep even with inflation insofar as pensioners are concerned and in the various insurance items insofar as active employees are concerned.

Outside the plant, I assume that the drive will continue to be an attempt to further pervert the unemployment insurance laws and to increase the benefits of federal old age insurance and other welfare schemes. As a collateral to this, I assume that the greater the pressure on employers for welfare gains, the greater the inclination will be on the part of some businesses to urge Congress to give labor what it wants if for no other reason than to take labor off the back of management.

### Non-Economic Goals

As to the non-economic goals of labor, I think that greater stress will be laid on individual plant bargaining. I believe this for two reasons. First, the members of local unions fear central control by a union just as much as local unions fear control by management. In other words, the worker will exercise his American right not to be told what is good for him by anyone. The second reason is that the unions will eventually come to the conclusion that in non-economic items, the structure which is created between union and management will work better when the union and the management work them out through free and open discussion at the particular place where the rules are to have effect. I know from my own limited experience that a contract which works at one plant can create chaos when it is imposed on another plant where it is neither understood nor accepted. I think that grievance procedures, seniority, joint committees for rules of various types, and other such items will be worked out on this basis.

Probably one of the potentially most dangerous problems will arise out of a trend which is non-economic and that is the struggle of the union for the acquisition of control over jobs. The closed shop is merely one aspect of this problem. In considering it, bear in mind that generally where the union has had complete control over jobs, those



industries, such as coal, railroads and maritime shipping for example, have tended to lose economic position.

The union is tending more and more toward wanting a word in who is promoted, how the people are promoted, the size of the crews that will work, and when work is scheduled. In other words, the unions are striving to take over by collective bargaining what has generally been considered in the past to be the control and direction of the work force.

The odd part of the situation is an apparent inconsistency here because I feel sure that the unions do not want responsibility for the operation of any business, and they will argue that the control of jobs does not adversely affect the business. It is my belief that unless management takes a much longer viewpoint in the future than it has in the past, substantial inroads will be made by the unions in controlling jobs, and the result will be a rigidity within the work force which will lend itself to inefficient production.

There also appears to be a trend of some unions to bargain about matters which affect the worker only in the sense that success or failure of a business affects the worker. Price and profit relationships, plant locations, extent of technological change and contracting of work outside the plant, are a few of these areas. From a long range standpoint, this may cause the unions grief if they are successful for they will be responsible when they are wrong, and when they have a part in decision it will be hard to use "management" as the symbol to take the blame for mistakes. Most labor leaders, in my opinion, understand this, and that is why none so far as I know is advocating direct participation in management by methods such as co-determination.

I assume that another non-economic goal, but one which from an operating standpoint can mean large dollar outlay, is the improvement in work conditions. This, of course, would include washrooms, locker rooms, cafeterias, parking lots, and other means of providing physical comforts. I am inclined to believe that the unions will ac-

complish their objectives in this regard in a reasonably short period of time, for it appears today that managements and unions are racing to see who can achieve this goal first.

### Political and Social

Outside the plant, non-economic goals will be divided as to political goals and social goals. In regard to the political goals, I have great doubt whether the unions will achieve them. I say this because I don't believe that unions can deliver a vote. The social pressures within a factory or a shop which make a union desirable to workers are far different from the pressures outside the shop which influence an individual's vote. For instance, studies have shown that the worker within the shop considers himself as a worker while outside the shop he considers himself a member of the so-called middle class, which he undoubtedly is, although in some instances at today's wage rate he may be in the capitalist class.

The pressures of social groups, fraternal organizations, ethnic groups,

and the desire for opportunity for his children, not union pressures, are the things which will determine the worker's vote. I am of an opinion that the present administration has come to this same conclusion because their efforts seem directed toward obtaining votes in a fashion which is not dependent upon the unions. In some instances the administration's treatment of the unions.

The social goals are, I believe, the preservation and strengthening of democratic institutions where the individual member can find expression. Dr. Elmer Roper has found that the worker himself has four basic desires for: 1. Security; 2. A chance to advance 3. Being treated like a human being, and 4. A desire for simple, genuine human dignities.

Unions, and I believe most managements, understand these desires and have them as goals. I believe that, with the exception of security, they will be achieved through collective bargaining or otherwise.

Dr. Frederick Harbison of the

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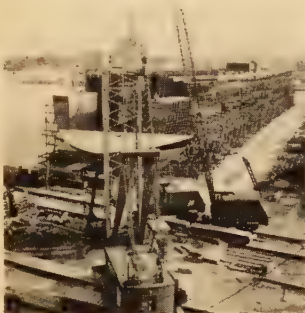
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## HISTORIC LAUNCHING

**BIGGEST SPLASH IN 80 YEARS!**

No one measured it bucket-by-bucket, but estimates are that about 1,750,000 gallons of water splashed skyward when the 666-foot limestone carrier, the Str. John G. Munson, slid mightily in the Manitowoc River recently. The ship is the largest ever launched at the 80-year-old yards of the Manitowoc Shipbuilding Company, which built the Munson for the United States Steel Corporation's Bradley Transportation Company of Detroit.

The new ship will carry 20,000 gross tons of stone at 16 miles an hour. A coal burner, it is powered by a 7,000-horsepower turbine gear drive engine. Construction work began March 7.

The small picture (lower, left) shows construction work on the vessel as three giant crawler cranes lift the 127-ton stern section into position. Work on the carrier proceeded from amidship toward each end, the stern going into position August 21 about three months before launching.

The lower photo at right was taken just before launching, as crews of shipbuilders drove half-inch wedges to tip the steamer upward to enable it to slide down the ways. Side-launching is customary practice at Great Lakes shipbuilding yards.

Two plates for the 20-ton rudder of the Munson were joined together by one of the largest welding machines ever built. Called "Jungle Jim," the giant welder worked like a sewing machine threaded with a shining welding rod. In operation, the machine resembled a lifting crane as it rolled back and forth under its own power on 100 feet of track. But instead of lifting commonplace equipment, the crane carried a welding unit on the vertical mast near the operator.

Named for a retired U.S. Steel executive who was intimately associated with Great Lakes shipping for more than 30 years, the Munson will haul limestone from Calcite, Mich., to lower Great Lakes ports for use by steel mills and chemical plants.

University of Chicago has stated the matter more bluntly:

"The position of most labor leaders on the matter of social goals might be summarized as follows: First, get what you can within the sphere of collective bargaining as one means of advancing the welfare of labor, and second, turn to political action as a way of supplementing what you get through negotiating with private employers."

Insofar as security is concerned, I do not believe that it jibes with our type of dynamic economy. Where we have expansion we must inconvenience people; businesses will fail, certain industries will cease to exist merely by the fact that they become obsolete. In other words, the only real security is in continued change which results in more goods. This kind of security, of course, cannot be supplied by any single employer or within any single plant; nor can any type of bargaining produce it.

**Institutional Aims**

The institutional goals of the unions are and will continue to be their preservation and greater strength. I have little doubt that unions will be preserved but it is interesting to note the fierce competition between them for members. There are no ethics when it comes to stealing someone else's membership. I would have less fear for what may happen in the future if all businessmen had as real a feeling of competition among themselves as the unions have.

How well are the unions doing in gaining strength?

Gains in membership since World War II have not been large. The number of union members has not increased in proportion to the increase of people in the work force. In other words, unions have not been successful in invading what we would term new markets, such as the unorganized white collar workers and certain professional employees, nor in gaining their share of new members in the work force. I am inclined to believe that this is a condition which will continue, for in those operations where there is no organization most of the techniques used in organized plants have been adopted so that



the basic drives of the worker for advancement, for treatment as a human being and respect for human dignity are satisfied without organization.

In other words, the structure of organization is used, but a union is not used within that structure. These operations have proven extremely difficult to organize. Another example of organization failure has been Operation Dixie which was conducted primarily by the C.I.O. and in which large sums of money were spent with apparently little result from the union standpoint.

My prediction would be that the unions' proportion of members to the work force will remain about the same and that their institutions will remain strong but they will continue to drive for various types of union security because it makes the union leader's job easier. I am afraid that because union security is a so-called non-economic item, employers will be inclined to trade it off, and the unions will take the trade so that we may look toward more compulsory unionism.

Labor Leaders' Aims

The goal of the union leaders as individuals, I assume, will be for greater participation in the affairs of state, both local and national.

On the whole, I think that we are beginning to reach some maturity in labor management relations, and I think that the achievement of true collective bargaining is nearer than is generally assumed. When unions and management can work out rules of procedure or a framework in which each can live and understand the goals of the other, it would appear that the overall good of the country will benefit from it both in goods produced and in the effective utilization of people. Certainly the result of this should be more leisure for all of us — time we can devote to making ourselves more useful in our society.

If we place where collective bargaining is going or taking us in proper perspective with the other forces which affect us now and in the future — we don't need to worry too much about collective bargaining.

Our Colleges Need Help — Now!

(Continued from page 16)

in furthering economic research and education. At the University of Rochester executives attend special classes designed to broaden their understanding of local and national problems relating to business. Upon "graduation" these upcoming business leaders form special study groups which investigate civic problems under school auspices.

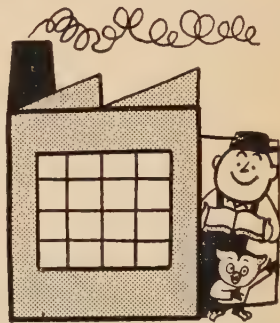
New Orleans businessmen and Tulane University educators are cooperatively studying ways of foster-

ing foreign trade throughout Mississippi Valley area. Four Colorado universities together with industrial and community leaders are investigating state resources and are working together to expand industrial facilities in the area. A number of Atlanta companies in cooperation with Emory University researchers are studying economic, and social problems of the Southeast.

The potentialities of industry-school cooperation are infinite. Ex-



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perience thus far is but a sample of what the future could hold. A complete realization of this potential requires that industry, for its share, do more than it is now doing.

The most obvious means of direct financial support to higher education, of course, takes the form of grants, endowments and scholarships. In this area, industry could be a great deal more helpful — and at considerably less actual expense than many a businessman realizes.

Exactly how is explained by Beardsley Ruml and Theodore Geiger in their excellent study, "The Five Per Cent", issued by the National Planning Association. They point out that over \$2,000,000,000 a year could be spent by American

industry for educational, scientific and welfare purposes, if all corporations simply took full advantage of tax concessions! Yet, in recent years such expenditures have been less than one per cent of net corporate income.

As an example of what might be done, Businessman Ruml notes that in 1950 one of the nation's biggest corporations could have spent \$90,000,000 on scholarships and research in the public interest. Another concern could have set aside a sum sufficient to guarantee \$1,000,000 worth of scholarships *in perpetuity* by using the five per cent allowed by federal law.

Industry's contribution need not end here. Here, briefly, are five

other ways by which our colleges and universities can be helped:

1. Research contracts with colleges are a painless means of aiding the schools. The industrial concern benefits from this inexpensive type of research; the school receives outside capital to cover current expenses of laboratories and to purchase new equipment and supplies. Students supplement classroom theory by actually working on practical industrial research problems. Dr. J. Roscoe Miller, president of Northwestern University, suggests in this connection that the funds supplied a school for specific industrial research should include a portion — 10 to 15 per cent of the grant — earmarked for the general fund of the institution.

2. There is a wide area for industry cooperation which requires little or no effort on the part of the company. Supplying sales literature, displays, motion pictures, cut-away models of products, and other educational media costs little, but frequently is of considerable value to schools. Turning over obsolete production equipment, testing mechanisms, and laboratory supplies entails little or no sacrifice, financial or otherwise. Yet this type of help has the positive benefit of garnering student good will.

3. Many firms underwrite school attendance by employees on the logical premise that trained workers are more useful to the company. Promoting employee attendance at night classes and extension courses adds that many more dollars to a school's depleted exchequer.

4. Helping schools in their fund-raising drives is another valuable service that business leaders and their companies can also offer.

5. Above all, it behooves industry to recognize its stake in a strong, prosperous and progressive system of higher education. The business leader who recognizes this kinship between industry and education has no difficulty finding ways by which he can assist his schools.

As Socrates put it centuries ago, "What mean ye, fellow citizens, that ye turn every stone to scrape wealth together and take so little care of your children, to whom you must one day relinquish all." The admonition is as apt today as it was in Athens 2500 years ago!

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## Fortify Your Executive Team

(Continued from page 19)

3. Initiate an executive development plan.

4. Procure outside people where necessary.

5. Conduct a periodic review of progress.

Let us consider these steps in detail.

### Executive Requirements and Availability

With the help of a sound organization plan, management should evaluate its present executives, against its short and long term requirements for executive personnel. From such an analysis, the company can see where vacancies now exist, where replacements are required, and in addition who has to be trained and for what. An objective analysis of where management is going is essential to a sound executive development program.

### An Adequate and Competitive Compensation Plan

Particular attention should be given two elements: base salaries and extra compensation. A well-devised incentive plan for executives has the three-pronged advantage of rewarding a job well done, offering a spur to improved performance in the future and deterring executive resignations. It is especially important that executives be compensated equitably in relation to others within the company, as well as those in comparable positions in other companies!

A consumer hard lines manufacturer, while worrying about his executive compensation problem, recalled a blanket raise Henry Ford had given his auto workers in the early part of the century. Convinced of the merit of treating everyone alike, this manufacturer proceeded to make the compensation of all his principal executives identical, arguing that this policy should end complaints among his men as to their respective incomes.

Actually, a sound compensation plan should be predicated on a recognition of the compensation objectives of management. A systematic analysis of salaried positions and the qualifications of people holding them. An acknowledgment of the importance of some positions over others, a planned compensa-

tion structure which provides opportunity for growth, the proper balance between base salaries and extra compensation with a tangible relationship between extra compensation and outstanding performance, and the comparison of the entire structure with outside market conditions.

The management of one medium-size company, in an effort to compare its salary levels with the market, set the personnel manager to work obtaining figures upon which to base the comparison. The personnel manager, in turn, confined his inquiries to selected companies in the area, failing to check the industry or allied industries' prac-

tices. Moreover, he excluded two large corporations in the area, whose salaries were considerably higher than his own company's, because he felt that their compensation levels were abnormally high, and not characteristic of the general market. As a result, this company concluded that its salary scales were quite adequate until it began losing key executives and then attempted to replace them.

### An Executive Development Plan

Hand in hand with a good salary plan should be a program for executive development. Unfortunately, the training and growth of junior management does not just happen. It must be planned and programmed as precisely as the construction of a plant. Perhaps one reason management has found it



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difficult to initiate and maintain executive development programs enthusiastically is the ineffective results they seem to produce.

Small companies frequently pattern their training programs after those of larger corporations. Rather substantial amounts of money and time are invested in the training of supervisors using this technique. In some companies, management feels that it has made considerable progress towards upgrading executives with this device. In other companies, the training has petered out after a short period of time, and has generally been considered as not too valuable.

To be effective, an executive development program should be tailored to the needs of the individual company. It should be based upon an analytical study to determine whether technical training, management policies, administrative techniques, leadership, personal development, or training of trainers is the need, and should be pointed toward the overall development of a group as well as the requirements of specific corners. Finally, management interest in the development of

its men should be coordinate with, or higher in priority than problems of sales volume, cost reduction, or expanding facilities. The well organized, properly developed team in itself will go a long way toward solving other problems facing a company.

### Procuring Outside People

Businesses which are inadequately staffed, both in the number and quality of executive personnel, as well as businesses whose executives have been entirely inbred over the years, frequently ride along aware of their weaknesses but not knowing how to overcome them. The retention and development of an executive team should provide for promotion from within when the candidate is truly up to the requirements of the new position. In fact, some companies are reluctant to advance a man when they anticipate difficulty in filling his shoes.

As an executive of a \$30 million company recently put it, "We have three men in different parts of our organization who are perfectly able to fill the chief engineer's spot. . . . This job would pay more money

than any of these people are getting. However, each of these men is very happy where he is, and is doing an important job. Were we to take one of them out, it would then necessitate finding a man to replace him. Hence, we felt it more desirable to go directly to the outside, rather than disturb these people in their working relationships."

But where an adequate answer is not available internally, management should not hesitate to look on the outside to satisfy its need. The important thing from a team building morale standpoint is that present executives should be advised objectively and objectively appraised, and should be led to agree that it is necessary to bring in an outsider. Some consulting firms have found that where they have a real understanding with management on their objectives and needs, locating new men and helping them get established in a new position can be successful in 80 per cent of the cases.

### A Periodic Review of Progress

Just as no business remains static for long, so will programs of executive maintenance and development change. Plans should be changed as requirements of time, growth or decline dictate. Consequently, the programs formulated to provide for the retention and growth of executive material should be checked periodically.

Executives work with other people. Most of us like people, particularly those with whom we are closely associated and with whom we have shared many common experiences. But the objective appraisal, compensation, development and selection of the personnel best suited to the management of an enterprise requires unbiased and independent evaluation. This task also requires experience and skill. For these reasons, successful managements frequently use competent, professional management consultants to help them build an effective executive team. Whether accomplished with or without assistance, however, the retention of a capable executive team coupled with a sound program for development and advancement should provide management with a vitally important tool necessary to the continued success and growth of its business.







# Invest in the MIDDLE WEST

Reviews of Middle-western Companies

By DANIEL F. NICHOLSON

A NEW enterprise in which \$135,000,000 has been invested opened for business on December 5 last, and almost immediately the new company was operating at more than 80 per cent of capacity. Moreover the company has the assurance that it will continue to operate close to capacity for at least the next twenty years under conditions that provide an attractive return on the aggregate investment and some speculative possibilities for the owners of the equity because of leverage in the capital structure and other factors.

This unusual new enterprise is the Texas Illinois Natural Gas Pipeline Company. Peoples' Gas Light and Coke Company owns 67 per cent of the Texas Illinois common stock. The turning of a valve on December 5 started a flow of natural gas thru the company's high pressure pipeline from the Gulf Coast of Texas to utility companies that serve the Chicago metropolitan area and other communities in six middle western states.

## Twenty Year Contract

Texas Illinois has entered into 20-year contracts to supply natural gas to the Peoples Gas Company, which serves Chicago, and to the Public Service Company of Northern Illinois, Western United Gas and Electric Company, and Northern Indiana Public Service Company. The company has also entered into an agreement with another Peoples Gas subsidiary, the Natural Gas Pipeline Company of America, to sell it gas which in turn will be sold to utilities in Wisconsin, Illinois, Iowa, Nebraska and Kansas. Some capacity has been set aside for certain communities in central and southern Illinois, and

for other communities along the route of the pipeline.

The company has firm 20-year contracts for a supply of gas from six Gulf Coast fields located in Texas between Houston and the Rio Grande valley. The contracts call for an average daily purchase of 350,000,000 cubic feet, thereby requiring operation at a 90 per cent load factor if the company is to avoid paying for gas it does not use.

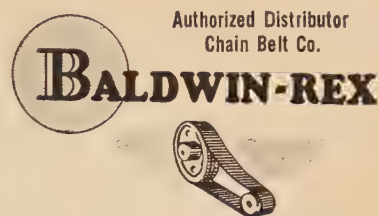
## Capacity

Transmission capacity of the new pipeline is 374,000,000 cubic feet of gas daily with the present five compressor stations. As of the middle of December, 1951, the company was sending only 300,000,000 cubic feet daily through its line because its suppliers had not yet provided all they had contracted for.

Prices charged by Texas Illinois for natural gas are regulated by the Federal Power Commission and the Commission must approve the prices it pays for gas at the fields. The Commission has followed the practice of permitting rates that provide a return of at least 6 per cent on the investment after allowing for operating expenses, depreciation, and provision for income taxes, but before interest charges.

Capitalization of the company consists of \$98,686,000 of first mortgage  $3\frac{1}{4}$  per cent bonds, representing 75 per cent of the aggregate capitalization; \$12,000,000 of 5 per cent preferred stock, representing 9 per cent of the total capital; and 2,550,000 shares of \$1 par value common stock, carried with surplus at a total of \$21,000,000.

The leverage in favor of the common stock arises from the fact that the bonds and preferred stock are entitled to receive less than the 6 per cent return provided under the



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allowable rates, and the difference accrues to the common stock.

The company's earnings for 1952 are expected to be \$1.50 to \$1.60 a share, and in 1953 about \$1.70 to \$1.80 a share. The company is expected to place the common stock on an annual dividend basis of \$1 to \$1.20 a share, beginning in the third or fourth quarter of 1952. The common, traded in the over-the-counter market, was quoted around 16½ bid, 17 asked, in mid-December.

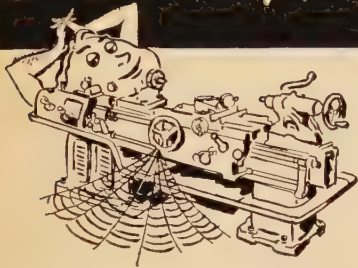
Texas Illinois is obligated to re-

tire its first mortgage bonds and the preferred stock at a rapid rate through the operation of sinking funds. The bonds must be retired by September 1, 1970, and the preferred by June 30, 1972. The requirements for retiring the bonds alone will exceed the company's depreciation charges and the difference will have to be made up out of earnings. Unless offset by further expansion, the effect will be a gradual reduction in the investment on which the rate of return allowed by the Federal Power Commission is

based. Also, the leverage will be diminished for the common stock.

However, the history of the natural gas industry has been one of rapid expansion, and this has been notably true with respect to the group with which Texas Illinois is affiliated. The company's pipeline is the third linking the Chicago area with the gas fields of Texas. The first line was completed in October, 1931, by the Natural Gas Pipeline Company of America, a wholly-owned subsidiary of Peoples Gas Light and Coke Company. Natural Gas and Texas Illinois are under identical management. In 1949, Natural Gas Pipeline completed a second line, bringing its total daily transmission capacity to 510,000,000 cubic feet. The Texas Illinois Line raises the aggregate capacity to 880,000,000 cubic feet.

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### Demand Ahead of Supply

Utility companies serving ultimate consumers have been unable to meet the demand for gas for house heating. Peoples Gas alone is supplying gas for space heating to more than 70,000 customers and has a waiting list of about 115,000. Last summer, in anticipation of the completion of the Texas Illinois line, Peoples Gas offered gas heat to the first 10,000 Chicago families on its waiting list, and now that the line is in operation the space heating service will be offered to an additional 20,000 families.

Additional major projects are contemplated to take care of the thousands of would-be customers who remain on the waiting lists. Peoples Gas has already announced plans for the development of seasonal gas storage facilities underground in a dome shaped stratum of sandstone about a third of a mile underground in western Kankakee county, Ill. James F. Oates, Jr., board chairman of Texas Illinois and Natural Gas Pipeline, and chairman of Peoples Gas, has reported that development work to date on the proposed underground storage facility is encouraging. It is estimated that the natural underground vaults will make it possible to store more than 90 billion cubic feet of gas in summer months, for use in the winter. At the present time it is necessary to sell gas to industrial users at a low rate during

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the Summer months when it is not needed for house heating. The underground storage capacity would have the effectiveness of three major long distance pipelines, Oates has stated.

It is known, too, that an expansion in the volume of gas handled by Texas Illinois is under serious consideration. The new pipeline can be brought to its maximum daily transmission capacity of 524,000,000 cubic feet by constructing six more compressor stations along the line. Additional Texas gas reserves would also have to be acquired.

### Once A Luxury Fuel

Prospects seem favorable for a continued preference for gas as house heating fuel. When it was first introduced to the Chicago area two decades ago, gas was a luxury fuel; today it is highly competitive because of the sharp increase in the price of coal and oil. Gas is now cheap by comparison with its relationship to the two principal competitors twenty years ago. This relationship is likely to be maintained (1) because the selling price for natural gas is under government regulation and is not permitted to rise to take advantage of competitive opportunities, and (2) because, labor cost is a relatively small element in the price of natural gas.

Insurance companies provided more than 75 per cent of the \$131,686,000 of capital funds of Texas Illinois Natural Gas Pipeline Company. Sixteen insurance companies purchased the entire \$98,686,000 of first mortgage pipeline bonds, and three insurance companies purchased \$6,000,000 of interim notes subsequently converted into preferred stock as of January 1, 1952. The other \$6,000,000 of interim notes were purchased by a national group of investment houses for distribution to the public. Last summer, Peoples Gas increased its holdings of the common stock to 67 per cent by open market purchases. Previously Peoples Gas had owned a little more than half of the issue.

Texas Illinois owns a total of 1,417 miles of pipe line, including gathering lines. The major portion of the line, extending more than 1,000 miles from Falfurrias, Tex., near the Rio Grande, to the main

terminal at Joliet, is 30-inch diameter pipe. A 20-inch line extends from Joliet to Volo, Ill., north of Chicago. The original line constructed by Natural Gas Pipeline in 1931 was of 24-inch diameter pipe, while the second line was 26 inches in diameter.

A noteworthy feature of the new pipeline is the communication system installed with it. A microwave system installed along the entire 1,000 miles from Chicago to Wharton and Houston in Texas uses standard telephone instruments and a series of 38 steel towers at approximately 30-mile intervals along the right of way. The towers vary in height from 120 to 300 feet, and each is surmounted by reflectors known as "dishpans" that pick up and pass on the microwave message. Supplementing these line-of-sight facilities is radio equipment installed at compressors stations and key locations to relay from station to station. This combination makes it possible to hold conversations with company personnel who are within 40 to 50 miles of the pipeline right of way even though they may be in a company car or in one of its two airplanes. This communication system, installed at a cost of a million dollars, is expected to pay for itself many times over in economical and efficient operation of the pipeline.

### Crosses 456 Rivers

In other respects too the Texas Illinois pipeline is a notable engineering feat. The pipeline crosses 456 rivers and streams, ranging from small creeks to the Arkansas and Mississippi rivers. At the more treacherous river crossings multiple underwater lines are installed as insurance against interruption of service if one line is ruptured.

More than 500,000 tons of steel were used in the construction of the pipeline. The A. O. Smith Corporation of Texas built a \$5,000,000 steel fabricating plant in Texas to supply the 200,000 sections of special welded steel pipe required.

The construction of the pipeline required less than a year and a half. The Federal Power Commission certified the company on June 14, 1950, and the formal groundbreaking for the main line construction was held on August 29 of that year.

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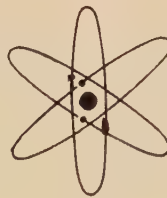
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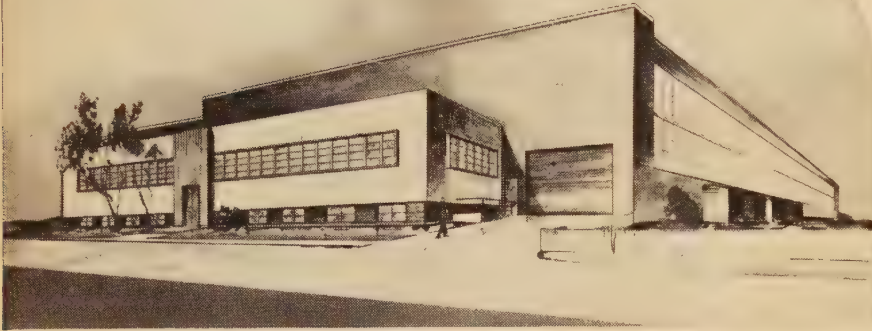
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## Battle Over Interest Rates

*(Continued from page 17)*

management undertake to do the job over again? It has sent out questionnaires to six government agencies, including the two antagonists; to the presidents of the Federal Reserve Banks; to state supervisors of banking and to four groups in private enterprise. It hopes to publish the answers by the time this article appears in print, or soon afterward, and to hold hearings starting late this month if possible which will bring the issue to a head.

Part of the answer to the "why?" lies in the reputation of the chairman. In a lengthy Congressional career which includes championship of the controversial soldier bonus of the thirties, Patman has a consistent record in favor of easy credit at all times, an "inflationist" to his critics. This has led some writers to picture the coming investigation as "Patman vs. Wall Street," a description that Patman fancies as a working politician. The suspicion is that Patman wants to change the decision made two years ago.

### Patman Claims Objectivity

Patman himself insists that he approaches the inquiry with an open mind, that he concurred in the Douglas subcommittee's recommendations, and that he has only certain starting impressions by way of reservations. He thinks the Federal Reserve Board should be more responsive to the executive department (an attitude he expressed in a footnote to the Douglas report), and that FRB expenditures should be audited by the General Accounting Office and scrutinized more closely by Congress.

Actually the subcommittee has had some trouble offering convincing reasons why the subject should be reopened. Its reasoning is that the 1949 study came during a recession period, in sharp contrast to the inflationary pressures generated since Korea. Besides, says Dr. Henry C. Murphy, the economist who will direct the inquiry, this time it will concentrate more on monetary policy than in 1949, when fiscal policy took half the attention. Murphy,

*(Continued on page 36)*

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## INDUSTRIAL DEVELOPMENTS

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INVESTMENTS in new construction, expansion of existing plants and purchase of land and buildings for industrial purposes totalled \$20,508,000 in December, bringing the total for 1951 to \$401,586,000. These figures compare with \$21,192,000 in December, 1950, and \$325,347,000 for the year.

**Hotpoint, Inc.**, an affiliate of General Electric, has acquired 400 acres of land at the intersection of 95th street and the Baltimore and Ohio Chicago Terminal and the Indiana Harbor Belt Railroads' right-of-way. Hotpoint plans to construct immediately the first unit of a plant on this site. This unit will contain more than 700,000 square feet of floor area. Hotpoint, manufacturer of electrical household appliances, operates two plants in Chicago, three in Cicero and one in Chicago Heights as well as others in the Chicago Area. The new plant to be built will be the company's tenth.

**Howard Foundry Company**, operator of three aluminum and magnesium casting plants in Chicago, will expand the unit at 4940 W. Bloomingdale avenue. Freevolmsmedberg and Company, general contractors.

**Acme Resin Corporation**, 1401 Circle Drive, Forest Park, has acquired a site at 60th street and Nottingham avenue in Chicago on which it will construct a plant.

**K. W. Battery Company**, formerly located at 3705 N. Lincoln avenue, has moved into its new factory, laboratory and office building at 3555 West Howard street, Skokie. The building contains 50,000 square feet of floor area.

**United Felt Company**, 3729 S. St. Louis avenue, has added ap-

proximately 30,000 square feet to its plant. **A. Epstein and Sons, Inc.**, engineer; **Power Construction Company**, general contractor.

**National Lead Company** is constructing an 18,000 square foot addition to its plant at 12042 S. Peoria street.

**Detroit Steel Products Company**, Detroit, manufacturer of steel sash steel building components, will construct an office and warehouse in the Clearing District of Melrose Park. The plant will contain 25,000 square feet of floor area. **Lang, Weise and Cella**, brokers.

**Asbestos and Magnesia Materials Company**, 123 N. Peoria street, has acquired a four-story building containing 65,000 square feet at 2614 N. Clybourn avenue. **J. H. Van Vlissingen and Company**, broker.

**American Printers and Stationers Company**, 538 S. Clark street, will construct a plant at Logan boulevard and the north branch of the Chicago River. **A. Epstein and Sons, Inc.**, architect.

**East St. Louis Grain Elevator Company** has started construction of a grain elevator at 92nd and Harbor avenue on property purchased about three years ago.

**Overland Coach Company**, manufacturer of house trailers, 4840 S. Cottage Grove avenue, has acquired larger space at 12140 S. Peoria street. **Bennett and Kahnweiler**, brokers.

**Metalcraft Corporation**, 820 N. Orleans street, manufacturer of picture frames, is constructing an addition to its plant which will add 22,000 square feet of floor area.

**Chicago 7-Up Bottling Company**, 300 West 83rd street, is constructing a bottling plant at 356 N. Kilbourn. The plant will contain

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Apex Bolt Products, 1301 W. Carroll avenue, manufacturer of expansion bolts and pipe hangers, has constructed a 4,000 square foot addition to its plant.

S & C Electric Company, manufacturer of high voltage electric

power line equipment, is constructing an addition to its plant at 4445 N. Ravenswood avenue.

Western United Dairy Company will construct a one-story addition to its plant at 1640 W. 14th street.

Imperial Smelting Corporation, 4442 W. Fillmore street, is constructing a plant at 1031 East 103rd street.

## Battle Over Interest Rates

(Continued from page 34)

incidentally, is a former Treasury man whom Patman has borrowed from the International Monetary Fund.

Events over the last two years tend to support the hunch that Patman's goal is to reverse the trend under which Federal Reserve has grown more independent politically and, in the process, has robbed the Treasury of some of the influence it exercised during the war, when by agreement the Federal Reserve pegged the interest rate on long term federal obligations at two and one-half per cent, through open market operations.

The starting point for the inquiry is the Douglas report, which criticized FRB for not restricting credit during the postwar boom by forcing interest rates up. Instead, the board consistently fell in step with Secretary Snyder's easy money policy.

In the wake of this committee judgment, after Korea broke in June, 1950, and as the already-upswinging inflationary pressures gathered new momentum, Federal Reserve declared its independence of the Snyder policy. In August, 1950, the "Fed" increased the New York discount rate one quarter per cent (to 1¾ per cent)—the first step toward increasing short term interest rates generally.

Simultaneously Secretary Snyder made an offering of short term obligations at the old low interest rate of 1¼ per cent. That whipped the smoldering feud into open flame.

Although Federal Reserve bought most of Snyder's offering rather than let the issue fail, other short term obligations were pushed down around it, so that the market prices of the securities decreased and the yields went up.

Early in 1951 Federal Reserve's policies began to affect long term obligations. Snyder announced that as a result of conversations between the Treasury and FRB Chairman Thomas R. McCabe the interest rate on long term government obligations would be pegged at 2½ per cent for the duration of the emergency. The FRB let it be known that this could not be taken at face value.

President Truman, in an unusual move, summoned the board's open market committee to a conference, after which the White House publicly declared that everything was all right. Eccles, as a member who participated, then made public confidential minutes of the session flatly denying that agreement had been reached.

The upshot was that the Federal Reserve's lack of full support of the long term government bond market dropped prices below par, increasing the yield. Last March the FRB and the Treasury announced that after discussions between them they were finally in accord on interest policy—but the pronouncement was suspiciously generalized. The net effect has been that interest rates have moved up slightly at the behest of the Federal Reserve Board.

One of the intriguing questions circulated by the Patman committee concerns this FRB-Treasury accord. "Describe fully," prods the questionnaire, "the issues involved in policy discussions between the Treasury and the Federal Reserve System from the end of the war until the 'accord' announced by these agencies on March 4, 1951. What were the areas of agreement and the areas of disagreement and how did they change over time during this period?" Another asks,



"Describe the nature of the accord." Both interrogations were directed to the FRB and the Treasury. The Treasury also was asked if it ever had taken action on its own initiative or in cooperation with the Federal Reserve System to change the level of interest rates on government securities, or to prevent a change in interest rates.

The ostensible Treasury motive in keeping interest rates down is the cost of servicing the national debt. With the debt hovering around \$260 billion and taking nearly \$6 billion a year to finance, every fractional percentage rate increase adds to the Treasury's job of digging funds out of the American taxpayer.

There is, however, a deeper motive. It is very difficult to sell securities in a falling market. When buyers are convinced security prices are going down they tend to hold off purchases, waiting to get lower prices, and higher yields, in subsequent offerings.

#### Vital In Total War

This becomes of vital importance in event of all-out war. While our current mobilization is not being completely paid for as we go, it is relatively close to balance. If the government became involved in full-scale war, the Treasury would soon face an immense job of borrowing.

Hence the Patman subcommittee wants expert opinion on the need for stability in the government bond market under varying conditions: (a) when the Treasury is not expected to be a large borrower in the foreseeable future; (b) when a large volume of Treasury refunding operations will have to be effected in the foreseeable future; (c) when it is expected that the Treasury will be a large net borrower during the foreseeable future; (d) under conditions of total war.

The Federal Reserve argument for higher interest is that it increases the need of banks for liquidity because of uncertainty whether additional reserves will be available, and what they will cost; at the same time the market price of assets on hand is reduced and their sale becomes less attractive. Combined, these effects tend to make commer-



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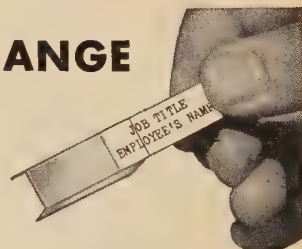
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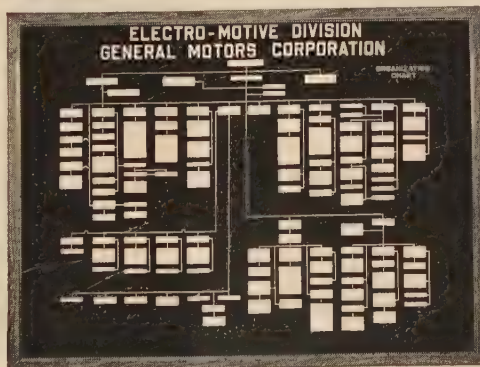
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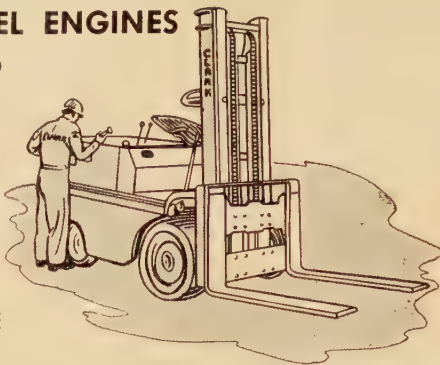
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cial banks limit their credit, with a dampening effect on inflation.

What's wrong, the business man may ask, with a plentiful supply of money at cheap rates? The answer is, nothing, unless it comes at a time when it feeds inflation and creates the kind of a chaotic economy which more than offsets the advantage of easy money. As for the government, it can afford to pay more for debt service if by so doing it avoids continually higher prices for the goods it buys.

#### **Bank Loan Increase**

Patman notes that despite FRB action, bank loans have increased anyway. Whether the increase would have been much greater had the Federal Reserve not stepped out on its own, or whether the FRB's action was too timid, no one can say for sure.

"If it can be demonstrated," Patman said recently, "that increases in interest rates resulting in a rise in the service charges on the public debt have a measurable effect in reducing the volume of credit and in fact are responsible for holding down prices, including the prices of goods and services purchased by the government; if it can be demonstrated that they do not interfere with needed economic expansion, and do not unnecessarily increase the amount or cost of carrying the national debt, such facts would be arguments for allowing government obligations to find their level in the open market."

Patman sounds like a man who will take some convincing on these points. In no sense has he "loaded" the questions on which he has started the inquiry; they are fairly phrased to bring out information and opinions. Yet he gives the impression of a man seeking new arguments with which to beat the classical theory that the way to combat inflation is to tighten credit.

He cannot, of course, alter current policies singlehandedly. His committee includes Vermont's Senator Ralph E. Flanders and Michigan's conservative Representative Jesse P. Wolcott, as well as Douglas and Bolling. The burden of proof in any attempt to put control of interest rates in the political hands of the Treasury remains with Patman.



# TRANSPORTATION and TRAFFIC



**T**HE Interstate Commerce Commission, in a notice issued in Ex Parte No. 175, Increased Freight Rates, 1951, announced that hearing on the railroads' petition for further increases in freight rates will be held beginning January 14, 1952, at its offices in Washington, D. C., before Commissioners Aitchison, Mahaffie, Splawn and Alldredge. Persons desiring to be heard should so notify the commission on or before January 7, 1952, stating the number of witnesses, the approximate amount of time considered necessary for direct evidence, and the subject matter of the evidence. The provisions for the interchange of prepared statements and verified statements contained in the special rules of procedure adopted April 13, 1951, should be observed. Persons desiring copies of verified statements of evidence in chief on behalf of the petitioners and parties in support of petitioners should promptly notify E. H. Burgess, B. & O. Building, Baltimore 1, Maryland. The railroads alleging that the increases in freight rates authorized last August in Ex Parte No. 175 were insufficient, recently requested the commission to reopen the proceeding and to approve the full 15 per cent rate advance sought in their petition of March 28, 1951. The increase authorized in August was nine per cent within Official territory and six per cent within Southern and Western territories and on all interterritorial traffic.

**Charge for Order-Notify Shipments Found Not Just and Reasonable:** Interstate Commerce Commission Examiner Henry C. Lawton in his recommended report in I. & S. Docket M-3751, Order-Notify Shipments-Central Territory, finds a

proposed charge by motor carriers on all shipments moving under an order-notify bill of lading not just and reasonable. The proceeding embraces tariffs filed by the Central States Motor Freight Bureau, to become effective May 22, 1951, and later, establishing a charge of five cents per 100 pounds, with a minimum charge of \$2.50 per shipment, on all shipments moving under an order-notify bill of lading. These tariffs were suspended by the commission on the petition of the Chicago Association of Commerce and Industry. The carriers attempted to justify the proposed charge principally on the basis of delay in effecting delivery of order-notify shipments in many instances because of the inability of the consignee to surrender the original copy of the bill of lading. Examiner Lawton's report states: "If a rule were to be approved which would have the effect of providing a charge for the issuance of an order-notify bill of lading, there would seem to be no reason why a charge might not also be provided for the issuance of an ordinary straight bill of lading. There would certainly seem to be no more valid basis for making a charge for the issuance of an order-notify bill, in instances where no delay occurs, or no additional expense is incurred by the carrier, than in the case of a straight bill of lading." The examiner concludes, however, that the—"respondents might give consideration to establishing for the redelivery of shipments moving under order-notify bills of lading after tender and refusal, a minimum charge of \$5.00 for each less-than-truckload shipment accorded redelivery. A reasonable charge for each day's detention of a truck or trailer also should be provided. Reason-



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able charges for delays in delivery should result in both shippers and consignees of order-notify shipments cooperating with a view to minimizing delays in the delivery of such shipments and in obtaining the original bill of lading by the consignee."

**Illinois to Collect 1952 Truck Licenses at 1951 Rate:** Secretary of State Edward J. Barrett has an-

nounced that the collection of 1952 truck license fees will be at the same rates that were paid in 1951. In the event the Illinois Supreme Court reverses the decision of the Sangamon County Circuit Court, which found the increased license fees passed during the last session of the Illinois General Assembly unconstitutional, the Secretary of State will later collect such additional fees as may be necessary.

## They Thought They Had Insurance

(Continued from page 21)

three years. His financial counselors, however, advised against it as a needless expenditure. As a result, the manufacturer lost the earnings of his plant while it was shut down for 58 days.

Only 47 of the 100 plants covered in our survey carried insurance against business interruption and only eight of these 47 carried adequate coverage.

The necessity of business interruption insurance is difficult for many persons to understand. They know the "why" of fire insurance because they have seen fires, have smelled smoke, have seen firemen in operation and know what a fire can do. The difficulty comes in understanding that a loss could, and often does, exceed actual property damage.

Let's take a hypothetical case. Assume that the owner of a department store carries \$35,000 fire insurance to cover the full value of his stock on hand. At first glance, the insurance would seem to be adequate. Now suppose the department store has a stock turnover five times a year and that it takes one year to get back into business after a fire. The eventual loss of profits, salaries and other fixed costs will easily exceed the property damage.

Today, the period of business interruption may be longer than ever because of materials and labor shortages. Essential building components are in short supply. A three-month rebuilding job two years ago may take a year or more today.

A study conducted for a number of mutual insurance companies made the remarkable discovery that more dollars are spent by the busi-

nessmen to protect plate glass (average cost: \$200) than are spent on protection against business interruptions that run into many thousands of dollars. Industry is sadly lacking in its knowledge of business interruption insurance!

Let's look at that explosion in the South again. Had that manufacturer carried extended coverage protection he would have been able to collect. Extended coverage safeguards against the perils of windstorms, hail, cyclones, tornadoes, explosions, riots, aircraft, vehicles and smoke, with the explosion provision one of the most important supplemental coverages offered. But only 49 of the 100 plants we surveyed carried extended coverage protection.

When we investigated boiler and machinery insurance, we were happy to learn that 91 per cent of the companies that needed insurance on their steam boilers carried it. Yet only 9 per cent maintained what we considered adequate coverage. When determining proper coverage, a businessman must consider potential damage not only to his own plant but to the property of others for which he would be held liable if his boiler exploded.

Machinery breakdown insurance, which is extremely important if a production line depends on the continuous operation of a few vital machines, was another neglected area. We found a paucity of business interruption insurance in the boiler and machinery field. Business interruption carried under a fire policy does not provide coverage for boiler and machinery mishaps. Although it is essential also to the boiler and machinery policy, we found only 17 per cent of the plants



carrying business interruption protection in connection with their boiler insurance and only two per cent had similar protection with their machinery insurance. The discrepancies were startling. One businessman carried \$150,000 fire business interruption and only \$10,000 boiler business interruption.

The field of automobile insurance was no less encouraging. We found only six companies that carried what we considered adequate bodily injury insurance, the insurance that covers liability for injury to persons or death resulting from an auto accident.

With increased claims cost so evident today, and with juries seemingly attempting to outdo each other with the enormity of their awards, we believe that limits of \$100,000 for injuries to one person, and \$300,000 for all injuries in one accident should be minimum protection. It is painfully clear that some jurors are less sympathetic to companies they regard as having limitless assets than they are toward individuals.

#### Limit Increases Cheap

The cost of increasing limits is relatively slight, yet it may mean the difference between a plant continuing as a going concern or being forced into bankruptcy by serious auto claims.

One firm, which we will call the Jones Company, formerly operated moving vans. The firm placed its automobile insurance with one company and its general liability insurance with a second company. Several Jones Company employees were moving a piano into the basement recreation room of a New York home, when they lost control of the piano going down the stairs. The careening piano struck and broke a gas pipe. Gas gushed out. Two gas company employees, making a service call nearby, responded to the call for help from the piano movers.

Three men were killed by the explosion. The house was demolished, and 30 other houses in the neighborhood were damaged. A total of 75 suits were filed involving more than \$650,000 in claims. Top limits of the automobile policy carried by the Jones Company was \$20,000. Top limits for general liability was \$50,000.

The court, instead of distinguishing which policy was to apply, ruled that both coverages applied in this case and both insurance companies paid the full amounts. The Jones Company went into bankruptcy and finally out of business!

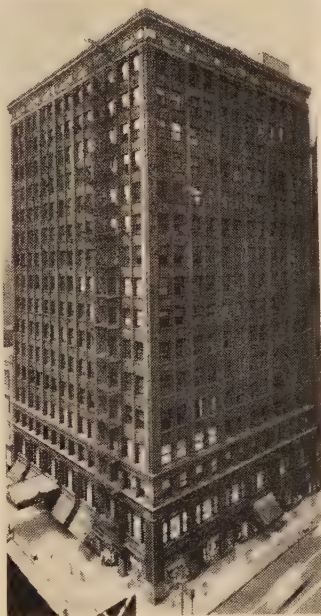
In another case, a truck driving through a heavy fog struck a car carrying four girls. All were injured seriously. The orthopedic surgeon submitted a bill for \$10,000. Total legitimate special operations totaled \$26,000. Suits were filed demanding \$237,000. Best offer

of settlement prior to trial was \$195,000.

Consider the case of a businessman where one of his foremen asks an employe to "run downtown" and pick up an order from Mr. Smith. "But use the streetcar," the foreman orders. The employe ignores the order, uses his own uninsured car and is involved in a serious accident. Despite the admonition, the car was being used in company business and the company is held liable.

Under the ordinary insurance  
(Continued on page 45)

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# New Products

### Laboratory Aid

A new storage cabinet for radioactive samples has been developed by Nuclear Instrument and Chemical Corporation, 229 W. Erie St. Chicago. The big advantage of the new cabinet according to the manufacturer, is that sample holders may be replaced as well as the sample holding tray in the event they become contaminated. The holders are plastic cups which are pressed into holes in the ten drawers of the dust-tight cabinet.

### Vest Pocket Stove

A midget stove weighing only two ounces complete with fuel and so small it will fit a man's shirt pocket, and yet will fry an egg in three minutes or boil a cup of coffee in eight minutes, has been placed on the market by National Products Company, Charlotte 7, N. C. The stove is heated by a small chemical pellet which is non-poisonous, colorless and odorless. Five pellets come in each stove and they may be extinguished and relighted.

### "Quiet" Roller Skates

A plastic wheel which is said to take the noise and slip out of roller skating has been jointly developed by the United States Rubber Company and Fo-Mac Enterprises, Inc. Made of Enrup, a thermosetting plastic, the new wheel, according to the developers, will wear 50 per cent longer than conventional wood wheels and 25 per cent longer than fiber wheels. On a rink with several hundred skaters, the plastic-wheel skates should cut the volume of noise by at least 50 per cent. Fo-Mac Enterprises, Inc., which will distribute the new skates, is at 114 W. Archer St., Tulsa, Okla.

### Lamp Snatcher

If you have difficulty replacing fluorescent lamps which are far overhead perhaps you need the "Lamp Snatcher," developed by a Chicago company. The device extends upward 22 feet and is said to facilitate the removal of all types of fluorescent lamps and starters, yet it requires less space than a broom. The

manufacturer is the Lamp Snatchers Company, 3013 North Clark St., Chicago 14.

### Tank Cleaner

Camp Chemical Company, Brooklyn 15, N. Y. has developed a new septic tank drainfield cleaner which it says will enable the homeowner to clear clogged and sluggish drain lines without the need for digging them up. The cleaner is a combination of twelve different chemicals and is said to clear drainage systems of organic waste by a chemical boiling, churning and cleansing action. It promotes greater soil porosity, allowing water to be absorbed more readily underground.

### Utility Apron

There is something new in aprons this month, one that is said to be surprisingly easy to clean with a damp cloth and never to need laundering. The utility apron is made of "Durawear" fabric, which is not a plastic but which contains "Lactene." It resists water, stains, acids, mildew, and all animal fats and oils. The manufacturer is the Utility Apron Company, 53 West Jackson Boulevard, Chicago 4.

### Laminating Resin

A new polyester laminating resin said to withstand temperatures as high as 500 degrees F., and largely designed as a structural material in the manufacture of high-speed aircraft and guided missiles, has been developed by the Naugatuck Chemical Division of the United States Rubber Company. Initially the resin will be available only for defense production. However, the company is increasing production capacity to supply resin fabricators who require heat resistance for applications in the electrical, electronic, radio and television industries.

### Car Crib

You can park Junior happily in the back seat of your car, says Progressive Enterprises of Los Angeles, by merely installing one of the com-





## IT'S MODERN AND HIGHLY FUNCTIONAL!

Here is an excellent example of what stylists regard as an ultra-modern and highly functional chest. Designed by the Cavalier Corporation, it serves the double purpose of a server or buffet in the hallway, living room or dining room, yet it is actually a cedar chest that provides moth repellent storage for woollens in today's compact apartment.

Similar modern furniture will account for about three-fourths of all furniture shown this month at the annual winter furniture market at the American Furniture Mart and the Merchandise Mart from January 7 to 18. Some 25,000 buyers and an additional 15,000 salesmen are expected to attend the giant furniture show.

Indications are that buying will be brisk because retail furniture inventories after dipping from 1951 mid-summer highs, wound up the year at average or below normal for the season. This means that retailers will be buying at the market, not just shopping.

pany's new Play-In-It Car Cribs. The crib is padded on sides and bottom so that youngsters are protected against bumps and sharp turns. The crib can be folded into a compact carrying package to fit the luggage compartments of most automobiles.

### Sealing Strip

You can form a neat waterproof seal quickly and easily between walls and bathtubs, says Cass Products Company, 6127 N. Cicero Ave., Chicago, with the use of its new vinyl plastic seal strip called Sani Tub-Seal. The sealing kit consists

of 15 feet of stripping which is about the average for most home bathtubs, together with a special cement in an applicator tube. The resulting strip is said to be permanently waterproof and to resist seepage from bathtub shower sprays.

### Tracing Cloth

Frederick Post Company, 3650 N. Avondale Ave., Chicago has developed a new pencil tracing-cloth for draftsmen and engineers. With it comes a special liquid eradicator which wipes mistakes off the cloth quickly and easily.

with the progress of the industries we serve is our highest aim. We handle a complete inventory of cold finished bars in rounds, squares, hexagons, and flats with high standards of accuracy and quality. We also specialize in Precision Shafting and Drill Rod in 3 and 12 ft. lengths.

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## INDEX TO VOLUME XLVIII

## COMMERCE

February 1951—January 1952

(Departments appearing monthly and not indexed here are Industrial Developments in the Chicago Area; Trends in Finance and Business; Here, There and Everywhere; Statistics of Chicago Business; New Products and Transportation and Traffic. Miscellaneous brief items are not indexed.)

## ECONOMIC

- Chicago Business in 1950. Mar. p. 37.  
Mid-America. By Carol M. Shanks. Apr. p. 21.  
To Me, America Means . . . By Virgil M. Hancher. Oct. p. 16.

## FINANCE

- They've Made It Fun To Save Your Money! By Betty Savesky. July p. 21.  
Target: The Mass Market! By Daniel F. Nicholson. June p. 15.  
Battle Over Interest Rates. By Jack Robins. Jan. p. 17.  
Invest—In the Middle West. Financial Reviews of Corporations. American Phenolic Corporation, Feb. p. 31. Inland Steel Company, Mar. p. 123. United Air Lines, Apr. p. 31. Standard Railway Equipment Manufacturing Company, May p. 35. Holeproof Hosiery Company, June p. 29. Pure Oil Company, July p. 35. Clearing Machine Corporation, Aug. p. 29. Chicago and Eastern Illinois Railroad Company, Sept. p. 35. Shellmar Products Corporation, Nov. p. 35. American Hospital Supply Corporation, Dec. p. 31.

## FOREIGN AFFAIRS AND TRADE

- Financing Undeveloped Nations. By Eugene R. Black. Feb. p. 23.  
If You Were "Old Joe" How Would You Wreck America. By Benjamin F. Fairless. Mar. p. 31.  
Danger: A World Dollar Glut Ahead. By George E. Quisenberry. Apr. p. 13.  
The Global Price Gouge! By Jack Robins. Apr. p. 15.  
Report To Industry On Japan. By Howard F. Van Zandt. July p. 13 and Aug. p. 16.  
Does Russia Lead From Weakness? By Ernest T. Weir. Aug. p. 21.  
Meet IMC: They Allot the Free World's Stock of Scarce Materials. By Jack Robins. Sept. p. 23.  
A Program For Western Victory. By Paul-Henri Spaak. Nov. p. 13.

## IMPROVED PRODUCTION TECHNIQUES

- Cook It, Dry It, Bake It—Faster With Infrared. Apr. p. 17.  
Stress Analysis. By Lewis A. Riley. May p. 16.  
For Better Quality Play the Odds! By Gen. Levin H. Campbell, Jr. Nov. p. 16.  
Materials Handling—Building Better Mousetraps Is Just A Habit! Nov. p. 21.  
Must Inventory Men Bark At Everyone? By Benjamin Melnitsky. Dec. p. 18.

## MERCHANDISING

- A Psychologist Looks At Television. By Harriett Bruce Moore. Feb. p. 21.  
Target: The Mass Market! By Daniel F. Nicholson. June p. 15.  
When Is Competition Competition? By Lowell B. Mason. July p. 23.  
Behold the Plastic Films! By Benjamin Melnitsky. Sept. p. 18.  
Christmas Shopping. By Betty Savesky. Dec. p. 16.

## MISCELLANEOUS

- Are You A Slow Poke Reader? By Daniel F. Nicholson. Mar. p. 26.  
"Closed Circuit" Television. By Charles Furcolow. Apr. p. 19.  
The Science of Knowing People. By Stuart Chase. May p. 13.  
Does The Public Believe It? By Dr. Claude Robinson. June p. 19.  
Colleges Face Famine Midst Plenty. By Daniel F. Nicholson. Sept. p. 13.  
Up With the Helicopter. By Charles Furcolow. Sept. p. 16.  
Key To Good Management. By John A. Patton. Sept. p. 21.

- Natural Gas Is Red Hot! By Mitchell Gordon. Oct. p. 18.  
Five Tips On Picking Young Executives. By Harriett Bruce Moore. Oct. p. 20.  
The Trailer Makers. By Lewis A. Riley. Nov. p. 18.  
Science Ponders the Martini. By Georg Mann. Dec. p. 19.  
Social Security Coverage For the Self-Employed. By Thomas M. Galbreath. Dec. p. 24.  
Our Colleges Need Help—Now! By Benjamin Melnitsky. Jan. p. 15.  
Fortify Your Executive Team! By James A. Newman. Jan. p. 18.  
They Thought They Had Insurance. By H. G. Kemper. Jan. p. 20.  
Whither Collective Bargaining. By William Capler. Jan. p. 22.

## NATIONAL DEFENSE

- If You Want Subcontract Work. By Guenther Baumgart. Feb. p. 13.  
Radar vs. A-Bomb. By Mitchell Gordon. Feb. p. 16.  
Who Can Build What In Semi-War. By Jack Robins. Mar. p. 25.  
Red Hot Quest For Vital Metals. By Mitchell Gordon. Mar. p. 28.  
The Big Squeeze On Basic Chemicals. Mar. p. 33.  
"Small Business" In A Lukewarm War. By Mitchell Gordon. Apr. p. 20.  
Why Not Try A "Production Pool" For Defense Work? By Jack Robins. May p. 15.  
For Reference: A Guide To U. S. Defense Agencies. By Guenther Baumgart. May p. 18.  
Doing Business Under CMP. By Jack Robins. June p. 13.  
Squeeze On Manganese. June p. 16.  
OCR: Washington's New Civilian Champion! By Mitchell Gordon. June p. 18.  
Now Meet MRO—Or How To Keep Plant and Machines Operating. By Jack Robins. July p. 18.  
What Happened To Our Sulphur. July p. 19.  
Defense Program Heading Toward Third Phase: Complete Allocation Control. By Jack Robins. Aug. p. 15.  
Supreme Court For Scarce Materials. By Mitchell Gordon. Aug. p. 18.  
A "Baby RFC" For Plant Builders. By Mitchell Gordon. Sept. p. 15.  
What You Should Know About Renegotiation. By George E. Rosden. Oct. p. 21.  
New Voice For Small Business. By Jack Robins. Nov. p. 23.  
Coming: Component Parts Scheduling. By Jack Robins. Dec. p. 15.  
What You Should Know About Walsh-Healy. Dec. p. 21.

## RESEARCH AND TECHNOLOGY

- Lukewarm To Very Hot: The Search For American Rubber. By John L. Kent. Feb. p. 15.  
Look Out—When the Thermometer Hits Bottom at —459! By Vernon E. Brink. Feb. p. 18.  
Has Industry Junked Private Inventors. By Benjamin Melnitsky. Feb. p. 20.  
The Search For Alternate Materials. By Dr. Edwin L. Gustus. Mar. p. 23.  
Red Hot Quest For Vital Metals. By Mitchell Gordon. Mar. p. 28.  
Squeeze On Manganese. June p. 16.  
The Weather Makers. By Georg Mann. July p. 16.  
The Battle For Titanium. By Daniel F. Nicholson. Aug. p. 13.  
Wanted: Inventions! By Benjamin Melnitsky. Aug. p. 19.  
What Happened To Atomic Energy? By Georg Mann. Oct. p. 13.

## TAXES

- "The Truth Shall Make You Free." By Peter B. B. Andrews. Mar. p. 30.  
EPT: Make the Most of It. By Beardsley Rummen. May p. 21.  
Taxes: We Are Courting Disaster. By Roswell Magill. Dec. p. 13.

## EDITORIALS

- Has Progress Overcarried? Now For the Cause! Uncle Sam Umbrella Man. Feb. p. 7.  
A Rose Is A Rose Is A Rose . . . Why the R.F.C.? Needed—A Bigger Horn! Mar. p. 13.  
Tax Dilemma. Mass Capitalism. Men and Children First. Apr. p. 7.  
Could Be Worse! Red Tape and Tattle-Tale Gray. May p. 7.  
Prosperity vs. Inflation. Sunshine While You Work. The Left and the Right Hand. Lessons One In Good Management. June p. 7.  
Another Great Debate. Death Of A (Door-To-Door) Salesman. Accomplishment! July p. 7.  
Corporate Tax Collectors. Inexact Sciences. Marshmallows and Marriage. Aug. p. 7.  
Teapot Tempest. Confusion Compounded! Sweet Talk. Sept. p. 7.  
More Steam In the Scrap Drive! Watchdog For \$100 Billion. A World On Wheels. Oct. p. 7.  
Another "Do Nothing" Congress. Occupying Glass Houses. The Deluge. Nov. p. 7.  
Controlled Inflation. What, No Peaks, Thirty Days Hath Christmas. Dec. p. 7.

## CONTRIBUTORS

- Andrews, Peter B. B. "The Truth Shall Make You Free." Mar. p. 30.

- Baumgart, Guenther. If You Want Subcontract Work. Feb. p. 13. For Reference: A Guide To U. S. Defense Agencies. May p. 18.  
Black, Eugene R. Financing Undeveloped Nations. Feb. p. 23.  
Brink, Vernon E. Look Out—When the Thermometer Hits Bottom At —459! Feb. p. 18.

- Campbell, Gen. Levin H. Jr. For Better Quality Play the Odds! Nov. p. 16.  
Caples, William G. Whither Collective Bargaining? Jan. p. 22.  
Chase, Stuart. The Science of Knowing People. May p. 13.

- Fairless, Benjamin F. If You Were "Old Joe" How Would You Wreck America? Mar. p. 31.  
Furcolow, Charles. "Closed Circuit" Television. Apr. p. 18. Up With the Helicopter. Sept. p. 16.

- Galbreath, Thomas M. Social Security Coverage For the Self-Employed. Dec. p. 24.  
Gordon, Mitchell. Radar vs. A-Bomb. Feb. p. 16.  
Red Hot Quest For Vital Metals. Mar. p. 28.  
"Small Business" In A Lukewarm War. Apr. p. 20.  
OCR: Washington's New Civilian Champion! June p. 18. Supreme Court For Scarce Materials. Aug. p. 18. A "Baby RFC" For Plant Builders. Sept. p. 15. Natural Gas Is Red Hot! Oct. p. 18.  
Gustus, Dr. Edwin L. The Search For Alternate Materials. Mar. p. 23.

- Hancher, Virgil M. To Me, America Means . . . Oct. p. 16.

- Kemper, H. G. They Thought They Had Insurance. Jan. p. 20.  
Kent, John L. Lukewarm to Very Hot: The Search For American Rubber. Feb. p. 15.

- Magill, Roswell. Taxes: We Are Courting Disaster! Dec. p. 13.  
Mann, Georg. The Weather Makers. July p. 16.  
What Happened To Atomic Energy. Oct. p. 13.  
Science Ponders The Martini—How Much Bounce To the Ounce? Dec. p. 19.  
Mason, Lowell B. When Is Competition Competition? July p. 23.  
Melnitsky, Benjamin. Has Industry Junked Private Enterprise? Feb. p. 20. Wanted: Inventions! Aug. p. 19. Behold The Plastic Films. Sept. p. 18. Must Inventory Men Bark At Everyone? Dec. p. 18. Our Colleges Need Help—Now! Jan. p. 15.  
Moore, Harriett Bruce. A Psychologist Looks At Television. Feb. p. 21. Five Tips On Picking Young Executives. Oct. p. 20.

- Newman, James A. Fortify Your Executive Team! Jan. p. 18.  
Nicholson, Daniel F. Are You A Slow Poke Reader? Mar. p. 26. Target: The Mass Market. June p. 15. The Battle For Titanium. Aug. p. 13. Colleges Face Famine Midst Plenty. Sept. p. 13. Materials Handling—Building Better Mousetraps Is Just A Habit! Nov. p. 21.



atton, John A. Key to Good Management. Sept. p. 21.

uisenberry, George E. Danger: A World Dollar Glut Ahead. Apr. p. 13.

iley, Lewis A. Stress Analysis. May p. 16. The Trailer Makers. Nov. p. 18.

obins, Jack. Who Can Build What In Semi-War. Mar. p. 25. The Global Price Gouge! Apr. p. 15. Why Not Try A "Production Pool" For Defense Work. May p. 15. Doing Business Under CMP. June p. 13. Now Meet "MRO"—Or How To Keep Plant and Machines Operating. July p. 18. Defense Program Heading Toward Third Phase: Complete Allocation Control. Aug. p. 15. Meet IMC: They Allot the Free World's Stock of Scarce Materials. Sept. p. 23. New Voice For Small Business. Nov. p. 23. Coming: Component Parts Scheduling. Dec. p. 15. Battle Over Interest Rates Jan. p. 17.

obinson, Dr. Claude. Does the Public Believe It? June p. 19.

osden, George E. What You Should Know About Renegotiation. Oct. p. 21.

uml, Beardsley. EPT: Make the Most of It! May p. 21.

avesky, Betty. They've Made It Fun To Save Your Money! July p. 21. Christmas Shopping. Dec. p. 16.

hanks, Carrol M. Mid-America. Apr. p. 21.

ppaak, Paul-Henri. A Program For Western Victory. Nov. p. 13.

an Zandt, Howard F. Report To Industry On Japan. July p. 13. Aug. p. 16.

Wair, Ernest T. Does Russia Lead From Weakness? Aug. p. 21.

## Insurance

(Continued from page 41)

policy, the businessman's loss could not be borne by his insurance company since only his own cars are covered. But a comprehensive policy would provide the needed protection since it not only covers presently owned vehicles but also automatically covers newly acquired trucks and cars, in addition to cars that may be hired for company business, cartage commitments, and the use of the automobiles by employees, authorized or not.

Only 15 companies in our survey carried any form of fidelity bonds. We have been told that fidelity bonds are not needed because older employees "have been with us for years and can be trusted implicitly." New employees, we found, are supervised so closely they could not possibly abscond, while the weakness of the older employees is completely forgotten.

Money and security insurance is another coverage that needs re-examination. Of plants keeping money and securities on the premises, in safes and in cash drawers, 32 per cent had no coverage whatever!

Of those exposed to losses of money and securities outside com-

The famous WALNUT ROOM

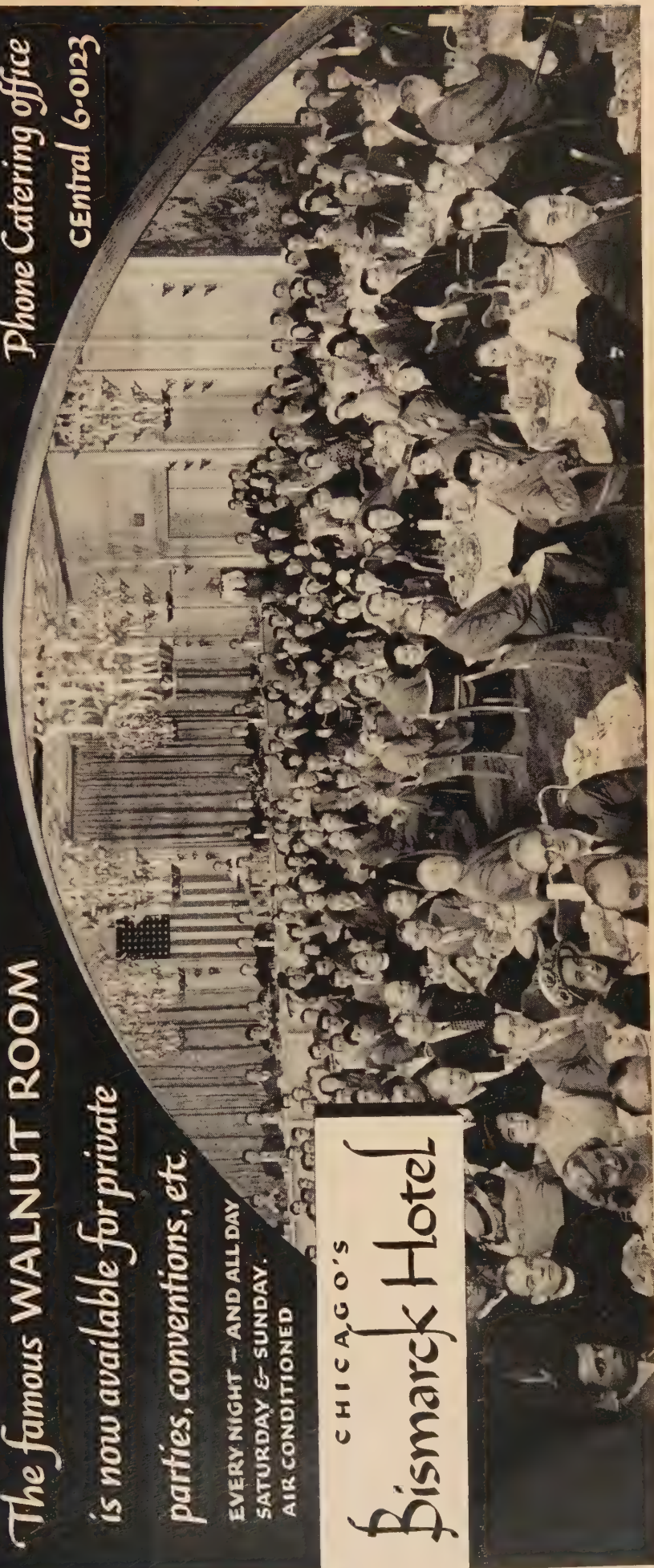
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# Advertisers' Index

*Agencies listed in italics*

<b>A</b>		Iron Fireman Mfg. Co. .... 11
A-Z Letter Service ..... 36		<i>Joseph R. Gerber &amp; Co.</i>
Acorn Screw Products Co. .... 47		<b>K</b>
Airkem Chicago, Inc. .... 41		Kedzie Protective Patrol ..... 35
<i>Vaughan and Spencer, Inc.</i>		<b>L</b>
Airway Motor Service ..... 40		Lehigh Warehouse & Transportation
Allied Radio Corp. .... 13		Company ..... 39
<i>George Brodsky</i>		<i>Burke Dowling Adams, Inc.</i>
Art Arthur ..... 35		Lift Truck Service Co. .... 38
<i>Pilgrim Advertising, Inc.</i>		Lorenz, George M., Steel Co. .... 38
Asbestos & Magnesia Materials Co., The 42		Lou Steel Products ..... 41
<b>B</b>		Lurie & Lurie ..... 36
Baird & Warner ..... 28		<b>M</b>
<i>Bauder-Baker, Inc.</i>		Management Control Charts Co. .... 37
Balfre Gear & Mfg. Co. .... 31		<i>Scantlin &amp; Co.</i>
Batley & Childs ..... 35		Marsh & McLennan, Inc. .... 13
Bismarck Hotel ..... 45		<i>Doremus &amp; Co., Inc.</i>
<i>Reincke, Meyer &amp; Finn, Inc.</i>		McCloud, W. R., & Co. .... 12
Blackhawk Machine Co. .... 47		<i>Howen Co.</i>
Bowers & Clark ..... 40		Merz Machine & Tool Works ..... 47
Boynton, A. J., Co. .... 31		Moore, Case, Lyman & Hubbard ..... 28
<i>Marsteller, Gebhardt &amp; Reed, Inc.</i>		<i>Charles D. Spencer &amp; Asso.</i>
<b>C</b>		Morrison Hotel ..... 32
Cadillac Glass Co. .... 29		<i>Patton, Hagerty &amp; Sullivan, Inc.</i>
<i>Tromnes &amp; Co.</i>		Mueller, V., & Co. .... 40
Chicago Belting Co. .... I.F.C.		<b>N</b>
<i>Spaulding Advertising Service</i>		Nation Bilt ..... 47
Chicago Electric Co. .... 43		National Pesticide Co. .... 35
<i>Frank J. Slauf</i>		Nutritional Service Inc. .... 36
Chicago Name Plate Co. .... 36		<b>O</b>
Chicago Tire & Rubber Co.,		Osborn Co. .... 40
Division B. F. Goodrich Co. .... 23		<b>P</b>
<i>The Griswold-Eshleman Co.</i>		Peabody Coal Co. .... 1
Chicago Tribune ..... B.C.		<i>Fitzmorris &amp; Miller</i>
<i>N. W. Ayer &amp; Son, Inc.</i>		Pedersen's Protective Patrol ..... 36
Clearing Industrial District ..... 3		Peoples Gas Light & Coke Co. .... 8
Conkling, Price & Webb ..... 37		<i>Needham, Louis &amp; Brorby, Inc.</i>
<i>Vaughan &amp; Spencer, Inc.</i>		Personnel Laboratory, The ..... 35
Continental Illinois National Bank &		Pesticide Co. .... 35
Trust Co. of Chicago ..... 4		Phipps Industrial Land Trust ..... 34
<i>Roche, Williams &amp; Cleary, Inc.</i>		<i>Jewell F. Stevens Adv. Co.</i>
Craft Mfg. Co. .... 47		<b>R</b>
Cullman Wheel Co. .... 42		Richard, L., & Co., Inc. .... 40
<b>D</b>		Roosevelt College ..... 6
DeLeuw, Cather & Co. .... 43		<i>Fredric R. Kleiman</i>
Doering, C., & Son, Inc. .... 41		<b>S</b>
Donnelley Corp., Reuben H. .... 27		Shattock & McKay ..... 40
<i>N. W. Ayer &amp; Son, Inc.</i>		Sheridan, L. J., & Co. .... 10
<b>E</b>		<i>Albert Frank-Guenther Law, Inc.</i>
Efengee Electric Supply Co. .... I.B.C.		Shippers Bag Supply Co. .... 42
<i>Tromnes &amp; Co.</i>		Sievert Electric Co. .... 25
<b>F</b>		<i>Edgar W. Fischer</i>
Fierst Industrial Products Co. .... 36		Skokie Valley Asphalt Co. .... 33
Fulton Asphalt Co. .... 42		Snow, Fred, Steel Treating Co. .... 35
<b>G</b>		Sprayo-Flake Insulation Co. .... 36-40
Garco Mfg. Co. .... 47		Stahmer Supply Co. .... 40
Gold Seal Liquors, Inc. .... 30		Steel Supply Co., The ..... 43
Goodrich Co., B. F., The, Chicago		<i>Jewell F. Stevens Adv. Co.</i>
Tire & Rubber Co., Division ..... 23		Superior Wire & Iron Products ..... 29
<i>The Griswold-Eshleman Co.</i>		<b>U</b>
Greenview Mfg. Co. .... 47		Union Hospital Association ..... 36
<b>H</b>		United Air Lines ..... 2
Haines Co., The ..... 12		<i>N. W. Ayer &amp; Son, Inc.</i>
Harrington, J. J., & Co. .... 35		<b>V</b>
<i>Triangle Adv. Agency, Inc.</i>		Van Vliissingen, J. H., & Co. .... 34
Houlihan, T. J., Co. .... 47		<i>Jewell F. Stevens Adv. Co.</i>
<b>I</b>		<b>W</b>
Illinois Equipment Service Inc. .... 36		Walker-Jimieson, Inc. .... 33
Interstate Machinery Co. .... 32		Weiss Steel Co., Inc. .... 35
<i>Jones Frankel Company Adv.</i>		Winzeler Mfg. & Tool Co. .... 29

pany premises, money in transit to banks, in the hands of messengers or collectors, 29 per cent had no coverage.

Only 19 per cent carried the broad form coverage known as the 3-D policy (destruction, disappearance and dishonesty). This policy, while slightly more expensive, incorporates into one contract what formerly was contained in six policies for seven different coverages.

Finally, we found that 21 of the 100 plants analyzed had overlapping protection—duplicate coverage—in that certain items were covered both under the boiler and machinery policy and under the extended coverage endorsement attached to their fire policies.

A close review of all existing coverages and exposures is essential. Each businessman must determine for himself, with the help of a qualified representative of a reputable insurance company, if he has any chinks in his protective insurance armor and how he can repair those chinks.

The insurance industry regards the problem of underinsurance and noninsurance seriously. Serious omissions in coverages have developed especially in recent years because of the rapid fluctuation of property values and business volume, mostly upward.

We are concerned, also, with the reaction of the property owner, the manufacturer, the businessman who suffers a loss that could have been prevented easily by obtaining proper coverage. That is why we urge that values be watched constantly, that inflation be prevented from sneaking up in some unexpected quarter and that every chink in the protective armor be repaired—before a crippling loss!

## Trends In Finance and Business

*(Continued from page 13)*

then used job evaluation for such positions.

The companies cooperating in the survey reported that they specifically evaluate executive positions in salary brackets ranging from \$5,000 to \$50,000. About a third begin evaluating jobs at the \$10,000 figure. Nevertheless, the board found that many companies go much farther down the line on job



evaluation, putting factory and office executives making \$5000 and \$6000 to the test of specific evaluation.

Among the most prominently mentioned reasons for adopting the plan, the board reported, was the question of when to give a man a raise. Confronted with "a stack of salary increase recommendations," many companies resorted to job evaluation to determine just who was entitled to the raise he was seeking.

## Here, There and Everywhere

(Continued from page 10)

aside from the curious laws of marriage, provides information on residence requirements, acceptable reasons for divorce and similar marriage and divorce laws throughout the country.

• "Wrap Around" Building—What is believed to be America's first "wrap around" stainless steel office building is taking shape these days in Pittsburgh. The roof and all four sides of the four-story structure will be sheathed in stainless steel, except for door openings and a contrasting trim of colored tile at the base. The building, being erected for Heppenstall Company, will be air conditioned, have no windows and will utilize photo murals and special painting and lighting on interior walls to give an effect of distance.

• Winter Driving Note—The Gulf Oil Corporation of Pittsburgh comes up with the finding that modern drivers do a remarkable amount of their year-around motor-ing in the five cold-weather months of November through March. Actually, 37½ per cent of all driving is done in these winter months and the average motorist drives 3,600 miles and uses 240 gallons of gasoline while the snow falls on his driveway and the streets.

• Natural Gas Expansion—The Gas Appliance Manufacturers Association reports that only three cities in the United States with a population of more than 100,000 do not receive natural gas or will not receive it in the foreseeable future. The three cities are Miami and Tampa in Florida and Duluth, Minn.

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# STOP ME-IF—

Young man, fresh out of law school, appeared in a police court to conduct his first case. Comporting himself in a most approved legal manner, he awaited his summons to the bar. Presently the case was called whereupon the fledgling lawyer laid his hat and coat on a bench and stepped forward.

"Young man," the judge exclaimed testily, "is this your first appearance in this court?"

"Yes, your honor," the youthful lawyer replied, wondering wildly what had revealed his inexperience.

"I thought so," grumpily said the judge. "Just move your hat and coat over where you can watch them and proceed with the case."

\*\*\*

On the first day of school, the teacher was asking each of the first-graders to tell his name and what he wanted to be when he grew up. One little tow-head spoke up importantly—"I'm Jimmy. When I grow up I'm gonna be a lion tamer. I'll have lots of fierce lions and tigers, and I'll walk in the cage and—" he hesitated, then continued. "But, of course, I'll have my mother with me."

\*\*\*

Of all the labor-saving devices invented for women none has ever been so popular as a husband with money.

\*\*\*

*Being a husband is like any other job—it makes it a lot easier if you learn to like your boss.*

\*\*\*

Sam: "Wonder which is more satisfied—a man with a million dollars or a man with six kids?"

Sarah: "A man with six kids."

Sam: "How do you know?"

Sarah: "Well, a man with a million dollars wants more."

\*\*\*

"My husband has been drinking steadily for two months—ever since I left him."

"Yes, so I heard. Don't you think he's carrying the celebration too far?"

"Archie, Archie," whispered wifey poking her snoring husband in the ribs. "Wake up, wake up; there are burglars in the kitchen and they are eating all my Christmas pies."

"Well, what do we care?" yawned hubby. "As long as they don't die in the house!"

\*\*\*

"Now," said the architect, "if you will give me a general idea of the kind of house you want . . ."

"That's easy," replied the prospective home owner. "We want something to go with an antique door knocker my wife picked up in Mexico City last winter."

\*\*\*

*Marriage entitles women to the protection of strong men who steady the step-ladder for them while they paint the kitchen ceiling.*

\*\*\*

The shoemaker was explaining to a complaining customer the reason for the poor quality of his soles. "All the good leather," he said, "is going into steaks."

Boss—"Jones, you disappoint me. I was told you were seen at the company party intoxicated and pushing a wheel barrow."

Jones—"Why, yes, but I thought you approved."

Boss—"Of course not. Why should I?"

Jones—"Cause you were riding in the wheelbarrow."

\*\*\*

A vivacious young Texan shocked her Boston-reared beau by drawing on her gloves as they started down the street on their first date.

"Where I come from," chided the young man, "people would as soon see a woman put on her stockings in public as her gloves."

"Where I come from," retorted the young lady, "they'd rather."

\*\*\*

"Grandpa, why dont you get a hearing aid?"

"Don't need it, son. I hear more now than I can understand."

\*\*\*

"What's the matter with Smith?" one neighbor asked another. "He looks sad."

"He's just been contesting his wife's will," answered the other.

"Oh, I didn't know she was dead."

"That's just it," came the reply. "She isn't."

\*\*\*

Young Wife (at Post Office): "I wish to complain about the service."

Postmaster: "What is the trouble, madam?"

Young Wife: "My husband is in Albany on business and the card he sent me is postmarked Atlantic City."

\*\*\*

Hillbilly to neighbor: "They tell me your wife makes moonshine whiskey."

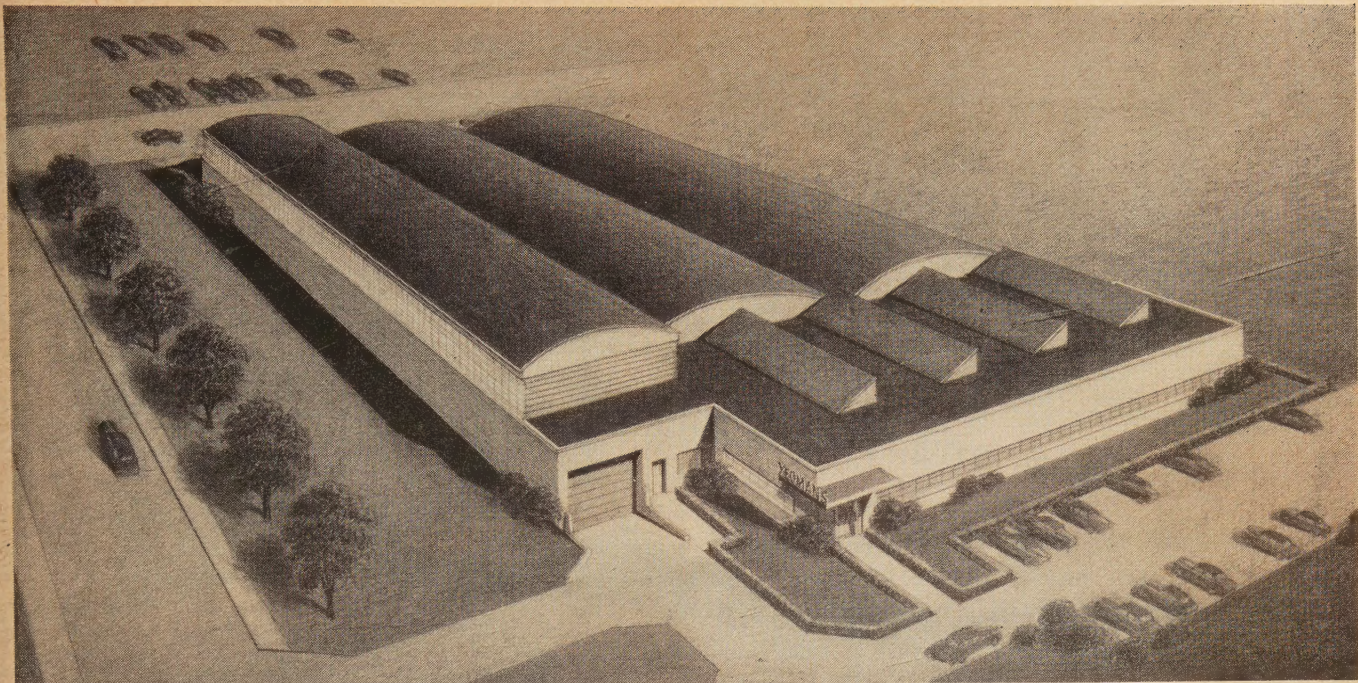
Neighbor: "Yes, she does, and I am awful ashamed of her, but with all her faults I love her still."



BOB  
DELL

"If I find we did manage to save something this month—who gets it?"





Rendering of new plant now under construction for Yeomans Bros. Co.

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L. A. YOUNG SPRING & WIRE CORP.	109,000 sq. ft. 71st St.	YEOMANS BROS. CO.	92,000 sq. ft. N. AVE.
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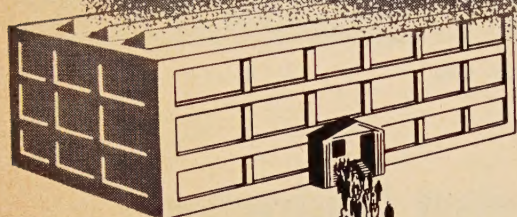
For further details address inquiries to "Clearing Industrial District, Inc., 38 South Dearborn Street, Chicago 3" or call Randolph 6-0135.



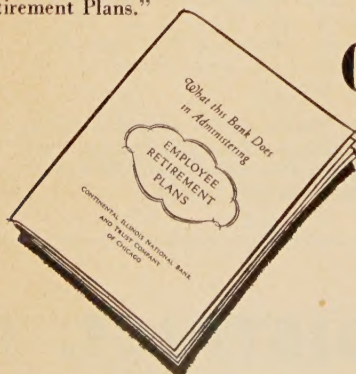


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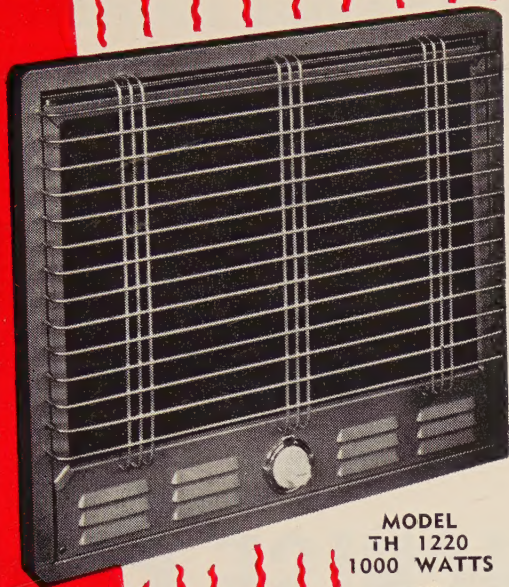
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# Continental Illinois National Bank and Trust Company of Chicago

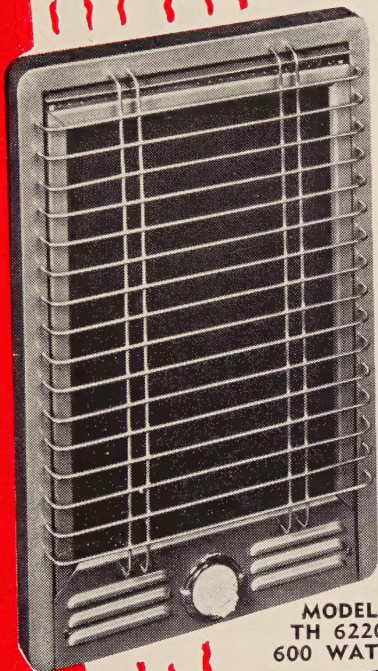
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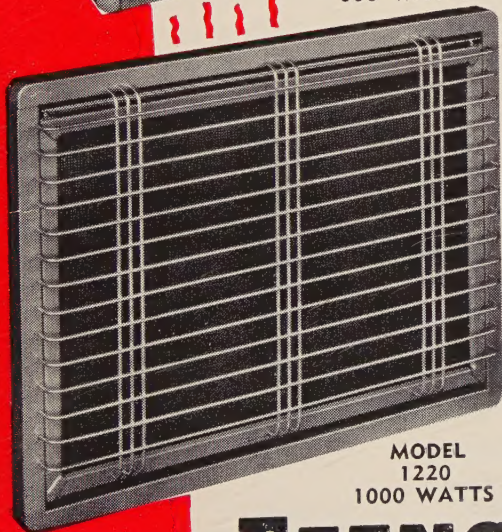




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port of your sales staff and distributive organization. Pointed for immediate volume returns, it provides a stable base for future expansion.

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